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LEGISLATIVE HISTORY ON:  
P.L. 89-504

# FEDERAL SALARIES AND FRINGE BENEFITS

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## HEARINGS BEFORE THE SUBCOMMITTEE ON COMPENSATION OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE HOUSE OF REPRESENTATIVES EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

### H.R. 12094 and related bills

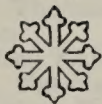
BILLS TO ADJUST THE RATES OF BASIC COMPENSATION  
OF CERTAIN OFFICERS AND EMPLOYEES OF THE FEDERAL  
GOVERNMENT, AND FOR OTHER PURPOSES

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MARCH 7, 8, 9, 11, 14, 15, 16, 18, 21, AND 23, 1966

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Printed for the use of the Committee on Post Office and Civil Service



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## FEDERAL SALARIES AND FRINGE BENEFITS

MONDAY, MARCH 7, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
Washington, D.C.

The subcommittee met at 2 p.m. in room 346, Cannon Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order.

This session was called today for consideration of H.R. 12094 and related bills H.R. 12240, H.R. 12288, H.R. 12489, H.R. 12824, and H.R. 12838. From time to time I am sure we will be receiving other legislation relating to Federal compensation and related proposals for the year 1966.

It became apparent in the last few days, after these hearings had been scheduled, that the recommendations of the administration this year might well include some improvements and changes relating to retirement, insurance, and other features of compensation, other than direct compensation.

For this reason the various members of the committee consulted and agreed it would be helpful and fair and desirable and necessary to have sitting with us at these hearings the members of the Subcommittee on Retirement, Insurance, and Health Benefits, one of our most active and able subcommittees, headed by the gentleman from New Jersey, Mr. Daniels. So I wanted to announce that in the beginning.

Mr. Daniels and members of his subcommittee will be full participants in these hearings. We welcome them. They will have all of the rights and privileges of the members of the Subcommittee on Compensation, which originally called these hearings. And we will work out their participation in the development of whatever finally emerges from these hearings.

The Chair wishes to announce that there have been a number of changes in the scheduling of our hearings. It is the intention of the Chair to proceed rapidly, but with due diligence and consideration of all points of view of those who wish to be heard here, with a view in mind of trying to conclude these hearings in about 3 weeks.

So, I warn the members of the two subcommittees that hearings will be frequent and fairly regular, to try to get the job of writing the record and taking all of the testimony that there is to be taken within the next 3 weeks or so if we can.

We had to reschedule Mr. Macy's testimony, which we will hear this afternoon. It was originally scheduled for this morning at 10 o'clock. Mr. Murphy, the Assistant Postmaster General, Bureau of Personnel, agreed to present his testimony tomorrow instead of today.



The schedule is as follows: Today we will hear Mr. Macy. Tomorrow morning at 10 o'clock we will hear Mr. Murphy, from the Post Office Department, to present that Department's views on the pending legislation.

I would caution those who are interested that tomorrow morning's hearing will not be in this room. It will be in room 215 in this building, which is the old committee hearing room.

On Wednesday we will be back in this room at 10 a.m. We have scheduled President Jerome J. Keating of the National Association of Letter Carriers as the leadoff witness that morning.

On Friday of this week we will have another session here, so only tomorrow morning's session will be in room 215.

With these opening announcements, we will proceed without delay to the testimony of Hon. John W. Macy, Jr., Chairman of the U.S. Civil Service Commission. Mr. Macy, we are happy to have you with us today. I understand you have a prepared statement.

Mr. DANIELS. Mr. Chairman, may I be recognized?

Mr. UDALL. Just a moment.

Mr. Macy, you have a prepared statement consisting of 14 pages. Do you prefer to read it or have it inserted in the record as though read and then summarize it?

Mr. MACY. I would appreciate it if I could read it in full, Mr. Chairman.

Mr. UDALL. Fine. I am sure it is important. It might be well to take that time.

The gentleman from New Jersey.

Mr. DANIELS. As chairman of the Subcommittee on Retirement, Insurance, and Health Benefits, I would like to mention that while I had knowledge of this meeting being scheduled for today, it was scheduled for 10 o'clock this morning, and then postponed to 2 o'clock this afternoon. I want to compliment the gentleman from Arizona on proceeding diligently and without delay, in his usual manner, but I wish to make the observation, in all fairness to the subcommittees involved in this legislation, that we were not furnished with copies of any statements.

The only statement I have had prior to this hearing was the statement that was sent by the President, Lyndon B. Johnson, to the House of Representatives today, which was read by the Clerk. In that statement the President refers to the fact that his recommendations should be taken into consideration with other studies—one, the report of the Cabinet Committee on Federal Staff Retirement System, and two other reports, one of the Bureau of the Budget to the President and also one by Mr. Macy of the Civil Service Commission to the President.

Now I imagine from what I have heard that these reports are voluminous, but I have no knowledge of what they contain. I don't know what recommendations have been made, and I don't see how we can properly question Mr. Macy or any of the witnesses appearing on behalf of any of the Government agencies here until we have had an opportunity to read these reports, to study them, and to really analyze what recommendations are being made to this committee.

So, if it is the Chair's opinion that he should proceed with dispatch today, then I respectfully request that I and the other members of the committee be given ample opportunity to question Mr. Macy and the other Government witnesses, and, since we are not in a posi-



tion to do that today, that they be instructed to return here at some future date so we will have that opportunity.

Mr. UDALL. The Chair appreciates the gentleman from New Jersey, who is a real authority on this subject, raising this question publicly as he did privately with me a moment ago.

Mr. Macy has been most cooperative and I am sure he wouldn't want us to begin to legislate until we have had a full opportunity to study the documents the gentleman refers to.

I am also sure that, if after studying them the gentleman from New Jersey wants to ask further questions, Mr. Macy would be delighted to return. The Chair will certainly see that the gentleman from New Jersey has every opportunity of that nature.

Mr. DANIELS. Thank you, Mr. Chairman.

Mr. UDALL. Mr. Macy, I am told that on page 13 of your statement, in the first line, the date January 1, 1968, should read January 1, 1967. Is that correct?

Mr. MACY. That is correct, yes, sir.

Mr. UDALL. I have corrected my copy accordingly. The official reporter will do so, and I am sure the members wish to do so. On page 13, in the first line, change 1968 to 1967.

You may proceed, Mr. Macy.

#### STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, U.S. CIVIL SERVICE COMMISSION

Mr. MACY. Thank you very much, Mr. Chairman.

I want to, at the outset, express my appreciation to you for your courtesy in arranging the schedule for this hearing to permit the President's message to be received. I also want to respond to Chairman Daniels' point with respect to the magnitude of the documents that are before you with respect to this legislation.

Let me assure you that I would be happy to return for whatever questioning or discussion is desired by any member of the committee. I recognize fully that this is a very substantial program that is advanced here, and it is the desire of the administration that there be the fullest possible response to any questions that may be raised concerning it.

Mr. Chairman and members of the committee, I appreciate this opportunity to open your hearings on the 1966 proposals for Federal employee pay and benefits and to present the President's program in this important field.

Mr. Chairman, I believe you have before you the President's message of this date. It may be that you would wish to insert this message in the record at this point.

Mr. UDALL. The Chair will ask unanimous consent that the message of the President of the United States, dated today, March 7, referred to by the witness, appear in the record at this point. Without objection it is so ordered.

(The President's message follows:)

THE WHITE HOUSE,  
March 7, 1966.

*To the Congress of the United States:*

Among the many blessings which Americans can count is a corps of Federal civil servants that is unequaled anywhere in the world. Honest, intelligent, efficient, and—above all—dedicated, these men and women represent a national resource and a national asset.



America expects much of these public servants. We have made vigorous demands on their time and energy. We have exacted from them high standards of work and conduct.

In recent years, we have moved steadily to compensate these men and women equitably and competitively for their quality performance in the public interest. To that end, the administration prepared and the Congress enacted, the Federal Salary Reform Act of 1962. We established the principle that Government workers are entitled to a pay scale which compares favorably with pay in private industry.

Such a pay scale is as much in the national interest as it is in the interest of Government employees. I said when signing the Government Employees Salary Reform Act of 1964:

"America's challenges cannot be met in this modern world by mediocrity, at any level, public or private. All through our society we must search for brilliance, welcome genius, strive for excellence."

We have been true to the principle of comparability. Since 1961, the pay of Federal employees has increased by over 16 percent.

In the brief period since I have been President, employees of the Federal Government have enjoyed pay increases amounting to nearly 12 percent. These increases have done much to close the gap between compensation for Government employees and those in private enterprise.

The increases in basic pay, however, were not accompanied by any significant benefits in forms other than salary. Yet pay, retirement, and other fringe benefits are all parts of an employee's total compensation. Recognition of this basic fact is crucial in developing a rational and equitable system of compensation. Neither pay, nor retirement, nor other fringe benefits can be considered in isolation. For all of them together represent the worker's real reward.

The proposals which I am making today reflect this consideration.

I propose increases in Federal compensation of \$485 million per year.

I am asking the Congress to enact legislation which will provide an average increase for Federal civilian employees amounting to 3.2 percent of total compensation.

On the average, direct salary increases will amount to 2.85 percent. The other increases are for fringe benefits to assist the Government employee in providing for his own economic security.

In considering these proposals, I urge careful study of the supporting data and background information contained in the two reports transmitted with this message:

1. The report of the Cabinet Committee on Federal Staff Retirement Systems, prepared in response to my request of February 1, 1965, for a review of Federal retirement policies and benefits.

2. The annual report to the President of the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission on the comparison between Federal civilian pay levels and those in private enterprise—as required by law.

I also urge the Congress to take into account two other considerations of utmost importance to the Federal employee—and all wage earners—and the Nation as a whole:

The wage-price guideposts which are key weapons in our defense against inflation, and

Sound and responsible Federal fiscal policy.

Both of these considerations weighed heavily in my mind as I studied various possible recommendations to make to the Congress this year. For nothing will destroy the progress of the Federal employee in his efforts to achieve comparability more effectively than the erosion of inflation.

#### PAY

I recommend to the Congress the enactment of a pay raise for Federal employees—effective January 1, 1967—ranging from 1 to 4½ percent.

With these increases, nearly 1 million of the 1.8 million employees affected will achieve pay comparability with private enterprise. These employees include about 88 percent of all postal workers and the more than 47,000 Classification Act employees in grades GS-1 through GS-5.

The smallest increase of approximately 1 percent will go to the lowest of the two grades of the classification system which are already above comparability. The modestly higher increases will go to the relatively few upper grades where

the current comparability difference is larger and where, accordingly, our recruiting difficulties are greatest.

#### RETIREMENT

I shall not detail in this message all of the changes recommended by the Cabinet Committee on Federal Staff Retirement Systems. The report speaks for itself clearly and succinctly. I endorse it.

I call particular attention to three proposals which I believe to be most urgent. These are:

1. Those who reach age 55 with 30 years of service, should be allowed to retire without reduction in annuity. The Government should also have the option to retire involuntarily, at age 55, employees in grades GS-13 and above who have 30 or more years of service.

2. We should guarantee that retirement, disability, and survivor benefits are at least equal to benefits payable under the old-age and survivors disability insurance program of the social security system.

3. We should provide for the transfer to the social security system of service credits of employees who die, become disabled, or leave Federal employment before becoming eligible for Federal retirement system benefits.

I recommend that these three proposals, like the basic pay increases, be made effective January 1, 1967.

I also recommend:

The enactment into law of a clear statement of retirement policy, as set forth in detail on pages 10 and 11 of the Cabinet Committee's report.

Adjustments between the civil service and the foreign service retirement systems.

The ultimate costs of all of the proposed changes in the retirement systems are set forth in tabular form on pages 21 and 22 of the Committee's report. This report also contains a sound financing plan. It is essential that we place our retirement system on a sound basis of financing as soon as possible.

I recommend that financing provisions be enacted as a part of the retirement legislation, including a 0.5-percent increase in contributions of both agencies and employees, effective January 1, 1967.

The report of the Cabinet Committee does not deal with changes in the military retirement system. Although the Committee reviewed important aspects of military retirement, it agreed with the Secretary of Defense that recommendations for fundamental changes should wait completion of a broad management study now underway in the Department of Defense.

The retirement report and the recommendations for legislation presented by it are major steps forward in our continuing efforts to improve the compensation system for Federal employees. In my judgment, they are equal in importance to the 1962 Federal Salary Reform Act.

#### OTHER BENEFITS

I recommend a phased 2-year increase in the Government's contribution to our civilian health benefits program.

The first increase should be effective on January 1, 1967; the second on January 1, 1968. These increases would restore the ratio of costs to the Government and costs to the employee established by the original Health Benefits Act, of 1959.

The effective date of other important adjustments in our retirement system should be deferred for at least another year. The most important of these are to:

1. Extend medicare to Federal civilian employees.

2. Continue benefits until age 22 for those surviving children of deceased Federal employees who are continuing their education.

3. Compute benefits on the basis of a guaranteed disability minimum to widows of employees who die after retirement for disability.

4. Continue benefits for a surviving widow if she remarries after age 60.

#### NEED FOR NEW KNOWLEDGE

If we are to continue to modernize our policy of total compensation, we need better information than is now available. We must examine all of the fringe benefits in our compensation system. These include leave, holiday pay, special pay differentials, unemployment insurance, Federal Employees' Compensation Act benefits for duty-related accidents and illness, health benefits, life insurance, and counterpart benefits prevailing elsewhere in our economy.



I am recommending that the Congress appropriate funds for collection and evaluation of information on non-Federal fringe benefits in the budget of the Department of Labor for 1967.

#### CONCLUSION

The measures I am proposing meet the test of fairness to our employees. They also meet the test of economic responsibility.

For the past many months, the Government has appealed to labor and industry alike to hold price and wage increases within the guideposts established by the Council of Economic Advisers.

If our Government is to exercise continued leadership in the fight for price stability, then we must continue to practice what we preach. The Government has the added responsibility of not contributing to inflation by its own actions.

With 5 years of unprecedented economic expansion, our industry is now operating near the peak of its capacity. Added to this, we now have the obligation to support our fighting men in Vietnam and our commitment to freedom there.

This administration has already proved that our Nation does not have to live with depression or recession. Now we must prove that we can remain both strong and prosperous without endangering our economic stability.

Government employees have a direct stake in this effort. For none is more harmed by inflation—and harmed more quickly—than the wage earner and the salaried employee. It is of small value to him if the extra dollar he earns buys less and less with every passing week.

We are the wealthiest nation in history. We can afford whatever is necessary for both our welfare at home and our common defense abroad. But we can do this only by the exercise of fiscal prudence and economic responsibility during times when special demands are being made on our economy by the military needs of Vietnam.

I am certain that both Government employees and the leaders of their organizations will recognize that restraint serves both their cause and the national interest. They will recognize that these proposals meet three essential requirements:

First, that taken together, pay, retirement, and health benefits amount to an increase of the maximum total compensation increase within the wage-price guidelines.

Second, that the major increases will go to those Federal workers whose compensation is least compatible with private enterprise.

And third, that these proposals move the entire pay scale toward full comparability in an orderly manner.

The annual cost of these proposals will amount to \$485 million. If they are made effective on January 1, 1967—which I urgently recommend—the cost for the next fiscal year will be \$240 million. These costs are fully provided for in the budget which I submitted to the Congress in January.

The Federal Government is the largest employer in the Nation. The largest employer has an undeniable responsibility to lead, and not merely to follow, in instituting and adhering to model employment practices.

A model employer can demand excellence in performance. A model employer can demand continuing awareness of the need for greater productivity, more imaginative conduct of Government programs, and substantial cost reduction. We have made those demands.

Federal officers and employees at all levels have responded with enthusiasm and skill. If they had not been determined to improve the efficiency and economy of Government operations, budget costs in both 1966 and 1967 would be some \$3 billion higher than they are.

By the close of this fiscal year, the total compensation for our 2½ million Federal civilian employees will be \$20.4 billion a year. With expenditures of such magnitude, the President, the Congress, and Federal employees themselves, cannot fail to give the most careful consideration to every adjustment in pay, retirement, and health benefits. Each proposed adjustment must not only be merited, it should also be consistent with the principles of sound government.

LYNDON B. JOHNSON.

Mr. MACY. Thank you, Mr. Chairman.

At the President's request, I shall shortly transmit the drafts of the legislation necessary for placing this program into effect.



## GROSS COMPENSATION

The proposals affect both salary and supplementary benefits, which are the elements of gross compensation of the Government's personnel. I should like to emphasize at this point the interrelationship of all forms of compensation and the necessity from now on for considering the effect on gross compensation whenever a change is proposed in any of its elements. With supplemental benefits becoming an ever larger portion of the total compensation of employees and of total labor costs, in Government as in industry, we can no longer disassociate salary and the other elements of the total reward of the worker.

In adjusting the compensation of its employees, the Government is acting as an employer, and as the country's largest employer. It is essential that the Government's actions in this capacity conform with national policies which other employers are expected to follow. The President's Federal pay proposals have been carefully drawn so as to be within the economic guidepost that total compensation increases in private enterprise are expected to follow in the interest of a stable economy. This feature of the proposals will be discussed further by the Director of the Bureau of the Budget when he appears before you.

The administration's 1966 compensation proposals consist of three key elements:

1. Statutory salaries.
2. Health benefits.
3. Retirement benefits.

First, I shall address myself to the proposed adjustment of Federal statutory salary schedules in accordance with policies and procedures of the Federal Salary Reform Act of 1962.

## I. ADJUSTMENT OF STATUTORY SALARY SCHEDULES

Present Classification Act salaries are somewhat above or equivalent to 1964 private enterprise salary levels at the lower grades, up through GS-5; they then gradually drop back below private enterprise levels at the middle and upper GS grades.

The adjustment proposed by the President would continue to maintain full comparability at grades up through GS-5, bringing those rates up to private enterprise salary levels most recently reported by the Bureau of Labor Statistics, in the survey report released in November 1965. At grades above GS-5, where comparability was not attained in the 1965 adjustment, the new schedule would move part way toward private enterprise levels.

For the most part, from grade GS-9 through grade GS-14, the increases amount to 37.5 percent of the difference between present Federal and private enterprise rates. Because of the enlarging difference, the percentage increases become greater at the higher grades in this span. Proposed increases become smaller at GS-16, GS-17, and GS-18, however, because of the proximity of their present salaries to level V of the Federal executive salary schedule.

Thus the percentage increases at the various grades range from 1 percent at grades GS-1 and GS-2 to 4.5 percent at GS-15, then drop to a lower rate at the top three grades. These increases would result in Classification Act salaries equivalent to private enterprise rates at grades up through GS-5.

The Bureau of Labor Statistics report released in November 1965 shows greater increases in private enterprise pay for professional and administrative occupations than for clerical workers. This has been a continuing trend over the past 4 years. The 1965 BLS report summarizes the 4-year trend of private company pay rates for three occupational groupings as follows:

	<i>Increase in salaries, 1961-65</i>	<i>Percent</i>
Clerical.....		10.6
Lower professional and administrative.....		13.7
Higher professional and administrative.....		15.2

Comparisons of Federal salary levels with those in private firms as shown in the latest BLS findings take this trend into account. To do so involves changing slightly the pattern of grade-to-grade salary progression in developing the Classification Act salary rates which would represent full comparability with private enterprise rates. The new pattern fits more closely the rates reported by BLS for work levels in private industry equating with grade levels of the Classification Act.

Comparable adjustments are proposed for the postal service, Foreign Service, and Veterans' Administration medical pay schedules.

Proposed schedules would bring postal salary scales fully up to the private enterprise standard at all levels up through PFS-4. These levels include about 88 percent of all postal employees. In addition, pay for more than 470,000 Classification Act employees in grades up through GS-5 would also meet this standard. Altogether, nearly 1 million employees of the approximately 1,800,000 affected by the President's proposals would achieve full pay comparability with private enterprise.

#### PAY SUMMARY

The proposed adjustment of salary schedules would provide an average increase of 2.85 percent over all schedules. Thus the adjustment approximates the average difference between private enterprise pay levels shown in the most recent Bureau of Labor Statistics survey report, for 1965, and private enterprise levels shown in the 1964 survey report, which was the latest available when current statutory schedules were enacted. The increases would be distributed among Federal grade levels consistently with the differing rates of increases at different salary levels in private enterprise repeatedly shown by Bureau of Labor Statistics annual surveys.

The annual cost of the proposed pay adjustment totals approximately \$379 million. This total includes \$261.8 million for the Classification Act, \$103.8 million for the Postal Field Service, \$6.1 million for the Foreign Service, and \$7.6 million for the Veterans' Administration medical pay system.

For budgetary reasons in the face of increased expenditures for Vietnam operations, the President asks an effective date of January 1, 1967, for the salary adjustment.

## II. INCREASED GOVERNMENT CONTRIBUTION FOR HEALTH BENEFITS

When the Federal Employees' Health Benefits Act was passed in 1959, it provided that the Government contribution would be in a dollar amount which would be one-half of the cost of the less expensive of the low options of the two Government-wide plans. On



this basis, the Government's contribution has been pegged at \$6.76 per month for a self and family enrollment, which is one-half the cost of the low option of the Government-wide Indemnity Benefit plan.

Because the cost experience of this option has been favorable, and because improvements in its benefits have been largely of a perfecting nature, the premium for this option has not increased since the beginning of the program. The same cannot be said of the high options in which 85 percent of participating employees are enrolled. Needed improvement of benefit provisions and, more importantly, a steady increase in the costs of medical care generally have driven up the cost of these plans year by year since the program started in 1960. Whereas in 1960 the Government contribution was, on the average, about 38 percent of the total cost of the program, it amounts today to less than 30 percent.

The President is proposing that the original ratio of cost sharing between the Government and the employee be restored in two annual steps. Half of the present gap would be closed effective January 1, 1967, and the other half on January 1, 1968. This would increase the Government's contribution from today's figure of \$155 million to about \$203 million, an increase of \$48 million. Of this increase, some \$34 million would be for employees under the four statutory salary systems covered by these hearings. This \$34 million, in turn, would be divided equally so that \$17 million would be added in 1967 and the other \$17 million in 1968; therefore, in 1967 the monthly Government contribution would be increased for self and family enrollments, high option, from \$6.76 to \$7.82, and in 1968 to \$8.88.

I would add this observation: Mr. Chairman, increases in health insurance premiums are inevitable; they are caused by the increasing cost and the increasing use of medical care; neither of which the Commission can control. In the absence of an increase in the Government's contribution, an increase in premium would be paid entirely by the employee and it would reduce his take-home pay. To the extent that the Government's contribution is increased, the employee's take-home pay is increased.

### III. IMPROVEMENTS IN THE RETIREMENT SYSTEM

The Cabinet Committee on Federal Staff Retirement System has recommended, and the President has endorsed, as he indicated in his message today, a number of measures to improve the civil service retirement system. These consist of recommendations to increase protection for employees; revise age-service requirements for retirement; and, improve financing and funding of the retirement system.

In order that these improvements may be achieved in conformity with the President's economic guidepost, it is recommended that they be phased over a 3-year period beginning next January.

#### IMPROVED PROTECTION FOR EMPLOYEES

Two retirement recommendations of major importance are designed to shore up the protection of employees and their families, for those whose Federal service is short and for those who shift between Federal and non-Federal employment. The principle underlying these two

recommendations is that the retirement system should assure, for Federal civilian employees and their families, a benefit that, combined with any social security benefit available to them from other employment at least equals the amount that would be available if their Federal employment had been covered by social security.

The first of the recommendations is for a transfer-of-credit arrangement with social security. Whenever a civil service employee or members of his family are ineligible for civil service retirement benefits at the time he dies, becomes disabled, or reaches retirement age, his credits would be transferred to social security and his Federal employment would be treated as if it had been performed under social security. This proposal would eliminate the possibility that an employee who works for the Government only a short time will receive neither civil service nor social security credit for his Federal employment.

The second recommendation is that employees and their survivors who do become eligible for civil service retirement benefits are guaranteed an amount from the civil service retirement system, or, if they are also eligible for social security benefits, from civil service and social security together, at least equal to the amount which would be payable if the Federal service had been covered under social security. This proposal would correct the existing situation under which a Federal employee who has contributed more toward the cost of his retirement than have those under the social security system may receive far lower, and frequently inadequate, benefits.

Mr. CORBETT. Mr. Chairman, may I ask a question at this point?

Mr. UDALL. The Chair would prefer that the witness finish the statement in full. I am afraid if I allow the gentleman from Pennsylvania to interrupt, all of the other members——

Mr. CORBETT. I won't do it again, but the question has to do with an understanding of what was just read.

Mr. UDALL. The Chair will, with some reluctance, admit the inquiry without setting a precedent.

Mr. ELLSWORTH. This is a ranking Republican member.

Mr. CORBETT. Mr. Macy, I have had a number of situations reported to me recently of people who might have 6, 7, or 8 years of Federal service, and then they go into non-Federal service. At what point in time would this breakoff come, whereby such people could transfer credits to social security? Now, 6-, 7-, or 8-year people might have been in the low salary groups, or something of the sort. Would this be an optional transfer, or is there a cutoff date at 5 years, or what is the plan?

Mr. MACY. At 5 years, Mr. Corbett, the civil service retirement system invests for the employee, so he acquires all of the benefits under the civil service retirement system. What is proposed here is that during those first 5 years he also acquires eligibility for social security. So that in the event that he loses his life during that period, the survivorship benefits under social security would be available to his survivors.

It also means that if he moves from Federal employment prior to the end of 5 years he will not lose coverage for that period, but would carry it over with him as a part of his eligibility for social security, and that the funds placed in the civil service retirement fund during that time would be transferred to the social security account in order



to cover his social security eligibility either at the time of retirement or in the event of the need for survivorship benefits.

Mr. CORBETT. Then the answer to the question is that the 5-year period is the breakoff point? Persons with 7 or 8 years of Federal service would not have this option; they would have to take their civil service retirement plus whatever they might get from social security for private employment?

Mr. MACY. But conceivably they might leave Federal service, even after the 6 or 7 years, and remain in social security until retirement and under this arrangement, these credits would be transferred for the social security annuity, and the individual would receive a civil service annuity at age 62 if he had left his money in the civil service account. So he would be drawing two annuity payments.

Mr. CORBETT. Yes. There is no option on the part of that person to put it all under social security?

Mr. MACY. No. But you see, under this proposal, there would be a benefit which we have described as the social security minimum, so that no one under the combination of these two systems would ever receive less than the social security minimum as a benefit.

If he remained in civil service retirement long enough to accumulate benefits, and those benefits were at a higher level than the social security minimum, would obviously receive those.

Mr. CORBETT. And he would obviously want to stay in the civil service retirement system.

Mr. MACY. That is right.

Mr. CORBETT. Thank you very much, Mr. Macy, and Mr. Chairman. I will not indulge again.

Mr. UDALL. The witness will proceed and the Chair has charged the gentleman from Pennsylvania with 5 minutes against the allotment he will receive later on.

Mr. CORBETT. I have learned all about deficit financing, and I suppose it will apply to time, too.

#### REVISED AGE-SERVICE PROVISIONS

Mr. MACY. For many years employees and employee organizations have sought retirement on full annuity at age 55 with 30 years of service. The Commission has consistently opposed such unilateral proposals because retirement at this age can work to the detriment of Government in some cases, yet previous proposals have afforded Government, as employer, no compensating benefits. We now recommend that optional retirement on full annuity be permitted beginning at age 55 after 30 years of service, and that Government, as employer, be allowed to initiate the option for employees at GS-13 and above. We also propose retirement age at 60 after 20 years of service.

#### IMPROVED RETIREMENT FINANCING

The most far reaching of the recommendations is one designed to improve financing and funding of the civil service retirement system. This goal, too, has become very important to employees and their leaders; it is equally important to Government, which must plan ahead and make orderly arrangements to meet the benefit payments as they become due. Financing methods have, therefore, been the

subject of extensive discussion with appropriate committees of Congress in the past. The President's recommendation for financing the system is a key one and is based on these fundamental premises:

Government and employees should share equally the normal costs of retirement, including normal costs of future liberalizations in the system;

Employee contributions and matching agency contributions should be raised as required to cover normal costs of future liberalizations; and

Government should meet remaining costs through special appropriations and through specific action to peg the trust fund at a predetermined level sufficient to assure prompt payment of all annuities as they become due in the future.

In previous presentations the Commission has pointed out that unless additional financing is provided, prospective trust fund resources will become inadequate to cover the system's future benefit obligations as they become due. Thereafter, in order to meet benefit disbursement, direct appropriations in substantial and progressively increasing amounts will be required annually. The financing recommendations of the Cabinet Committee are intended to avoid this eventuality and to preserve effectively the integrity of the system, and at the same time avoid:

First. The normal cost of existing benefits and future liberalizations would be shared equally through employee-agency contributions. Changes designed solely to improve personnel management would require an increase in agency contributions sufficient to cover the normal cost of such changes without increasing employee contributions. Thus, through normal cost financing, current annual contributions would cover the cost of accrued benefits that result from each year of active employment. It is quite appropriate to assess the Government's share of normal cost against current operating costs and to reflect them each year in agency budget requests.

Second. The unfunded liability—past service cost—that would result from future benefit liberalizations, wage increases, extension of coverage to new groups of employees, increases granted to annuitants—other than Consumer Price Index adjustments—or management changes would be financed entirely by Government, through direct appropriations rather than through agency budgets.

Authorization for annual appropriations in accordance with a 30-year amortization schedule would be specifically provided in all future pay raise or liberalizing legislation. The annual amounts requested would increase arithmetically in a manner roughly similar to the increases in benefit payments that would generally occur as a result of such liberalizations, pay raises, and the like.

Third. Permanent indefinite authority would be available for direct appropriations that would peg the fund at a predetermined level sufficient to maintain an ample margin of safety. If the fund fell below this pegpoint, an appropriation in the necessary amount would be automatically made.

In summary, this recommendation would provide: automatic and immediate action to finance retirement costs as they are incurred; full recognition of the retirement costs involved in pay and other legislation; and full assurance that future retirement benefits will be paid when due.



## EFFECTIVE DATE

Action in several of these areas has, I recognize, been delayed awaiting completion of the Cabinet Committee's study. The recommendations I have discussed with you are the ones on which early action is most urgently needed in order to improve the total retirement system. The administration will therefore formally submit to the Congress within the very near future legislative proposals which would implement these changes, with a requested effective date of January 1, 1967.

There are a number of other recommendations dealing with retirement and insurance for which, at the same time, legislative proposals having later effective dates will also be submitted. These include: medicare coverage for Federal employees; additional survivor benefits; Federal employee status for National Guard technicians; immediate separation, with temporary annuity supplements, of employees approved for disability retirement; merging of the civil service and foreign service retirement trust funds (but not of the systems themselves); and revised tax treatment of retirement benefits.

In summary, the recommendations, if enacted into law, will provide Federal employees substantial improvements in an already generous fringe-benefit package. It represents an important element in their total compensation.

## COSTS AND CONTRIBUTIONS

The estimated normal cost of the liberalized age-service retirement provisions, transfer of credit, and the guaranteed minimum benefits I have just outlined totals \$73 million a year. In keeping with the recommended policy that Government and employees share 50-50 the normal costs of retirement, including costs for further liberalizations, the administration recommends that agency and employee contributions be increased one-half of 1 percent effective January 1, 1967. The rate will then be 7 percent for employees, and 7 percent for agencies.

## TOTAL COST

The total cost of the pay and supplemental benefit proposals as a percentage of gross compensation represents an increase of 3.2 percent, within the guidepost established by the President for the private sector. This total includes: 2.5 percent for pay adjustment; 0.6 percent for retirement improvements; 0.1 percent for health benefits.

The full year dollar cost is about \$485 million. With the effective date proposed by the President, January 1, 1967, the fiscal 1967 cost would be about \$240 million.

## CONCLUSION

In conclusion, the President's 1966 proposals on compensation would maintain the principle of comparability with private enterprise levels for Federal statutory salary schedules, would significantly improve supplementary benefits of Federal employees, and would, in totality, be consistent with the President's economic guidepost designed to avoid inflationary pressures and maintain a stable economy.

The proposed pay schedules would provide salaries at full comparability or better for about 57 percent of the Federal employees

concerned, those in the heavily populated grades up through GS-5 and PFS-4. The schedules would advance as far toward full comparability with private enterprise pay at the higher grades as consistent with the economic guidepost and the existing salary for level V of the Federal Executive Salary Schedule.

In addition, the retirement and health insurance amendments would add important and valuable features to the total compensation of Federal employees. They offer a significant supplement to the direct improvements in salaries.

I urge prompt enactment of the President's proposals, and shall be glad to cooperate by supplying draft bills to implement them. Their enactment will continue the Government's progress toward fair gross compensation for all its employees, equitably related to national compensation levels and to trends in the national economy—and, therefore, fair to the American taxpayer.

Mr. Chairman, in addition to the President's message of today, there are two attachments to that message which I would like to call to the attention of the committee. One is the report of the Cabinet Committee on Federal Retirement Systems dated February 15, which includes a much more complete presentation of the various points on retirement reform than I have discussed here. Undoubtedly Chairman Daniels and his subcommittee will wish to study this report with great care.

Secondly, the joint report of the Budget Director and the Civil Service Commission Chairman to the President dated March 3, which provides an analysis of the Bureau of Labor Statistics data and the relationship of Federal salaries to that data as required by the Salary Reform Act of 1962. These two documents constitute a supplement to my testimony.

Mr. ELLSWORTH. We don't have that, Mr. Chairman.

Mr. UDALL. We don't have enough copies. The Chair has one here, which I will be happy to pass around. We will have them available later for all members.

I would say that I think it is very important for the witnesses who will follow, particularly those from organizations, that we have as soon as possible a bill incorporating the specific features that Mr. Macy has outlined here today. We and our staff will work with you to get this drafted very quickly and to get something concrete before us, so we can talk about specific lines and page numbers rather than general proposals.

Mr. MACY. Indeed. In fact, Mr. Chairman, I believe we can expedite that process, if you are willing to have us work with the staff of the committee and develop the legislative drafts for this purpose.

On the matter of the pay bill itself, this is largely accomplished by the development of a new salary schedule or series of schedules. There is no additional substantive proposal this year. I learned my lesson last year and I don't have any extras to add.

Mr. UDALL. The Chair would also observe that, in connection with my desire to expedite these hearings, certain features in this proposal which have been suggested are within the jurisdiction of the Ways and Means Committee and it may be necessary, if we are to move rapidly, to either refer those provisions to the Ways and Means Committee for action or to have them included in separate bills. So from that standpoint, it is important we do this.



Mr. MACY. There will also be a provision, Mr. Chairman, in the retirement proposal that will necessitate clearance with the Foreign Affairs Committee, because it involves the foreign service retirees.

Mr. UDALL. Yes.

Mr. BUCHANAN. Mr. Chairman, is it not also true about two-thirds of these recommendations would fall within the jurisdiction of the Retirement, Insurance, and Health Benefits Subcommittee? Do I understand these are all to be incorporated in one piece of legislation?

Mr. UDALL. I would hope, and again each member has to follow the procedures as he sees fit, but I would hope we could have this entire package in one bill and it would be my inclination as of today we do that, and I would either introduce it or have someone else introduce it, so we would have a concrete package before us.

The Ways and Means Committee has jurisdiction over some of these features and they may insist on a separate bill. These are details we can work out. We have arranged it so both of these subcommittees can be full participants in the hearings, and the mechanics of putting a final bill together will be something Mr. Daniels and Mr. Corbett and the members of the two subcommittees can attempt to work out as we go along.

We will proceed to questions now under the 10-minute rule of the committee. The chairman will yield to himself to ask a couple of questions.

I notice on page 2 and elsewhere in your statement you refer to these proposals bringing salary levels up through GS-5 up to private enterprise salary levels most recently reported. Of course we have this old problem of lag that has been of such great concern to the employee organizations.

When you say this, I would assume you mean they are up to comparability as of February 1965, when the original raw data were taken from the Bureau of Labor Statistics?

Mr. MACY. Yes. I am referring to the most recent data available from the Bureau of Labor Statistics salary surveys, the so-called reference month for those surveys is March. The survey itself is conducted over a long period of time and the data was published in November. So you are correct, there is a period of time since that reference month, but this represents the only available data that we have at this time.

Mr. UDALL. My reaction to the overall proposal here today is that it is one which is interesting, and which is substantive. I think it shows a good deal of thought and while it doesn't go quite as far as I would prefer to go in some of these areas, I think the administration and yourself are to be commended in coming forward with these constructive proposals, rather than waiting, as has been the policy in the past, for Members of Congress to introduce bills and to proceed in that fashion.

So perhaps with the war in Vietnam and the other problems we face, this is about as good a proposal as the administration could produce and I do commend you for your part in putting it together.

I want to commend you particularly on the suggestion in the retirement aspects of your statement, that we have a 30-year retirement at age 55, and especially for the Government to have the option to initiate retirement for the employees in the policy and management positions of GS-13 and above.

To me, one of the critical things needed to improve the Federal system is to hold out hope of advancement and responsibility for the younger and able people who have been in the system. I think one of the reasons we lose some of our best people is because there is not enough room at the top, and this is an important step in that direction.

I have two other questions.

In the House bill which was passed last year, considerable emphasis was placed on premium pay. We had a provision for overtime in excess of 8 hours for classified employees, we increased the maximum grade in which overtime would be paid for classified employees from the first step of GS-9 to the first step of GS-10.

We held hearings this year in this subcommittee on travel pay.

Now, as to features of that kind, if we were to make adjustments in premium pay and travel pay, would you feel that such additional compensation should be considered in determining whether the guidelines have been adhered to?

Mr. MACY. This is a difficult question to answer. The guidelines are based upon gross compensation, not just base salary. And any new benefit that would increase the total compensation of Federal employees would have to come under that total. That increase would tend to be reflected in the percentage of increase. It is very difficult, on the fringe benefits that you identified, to be at all specific as to what the increased cost is, because it is quite dependent upon management practices, how much overtime is directed, what the nature of the work schedule is, and the like.

I would feel that we would need to look at each of these benefits and secure as precise an estimate as we possibly could and that if there was an increase of any perceptible amount, it clearly would have to be included under the 3.2 percent of increase in the guidepost.

Mr. UDALL. Let me zero in on one aspect. The 1965 Pay Act contained a provision for payment of a differential for Sunday work in the case of Post Office employees only. I know you have had discussions with the employee organizations' leaders with regard to this. Would you offer any objection if this provision were extended to all Federal employees, in order that it be a uniform provision throughout the Federal service? And would this be influenced by the guidelines?

Mr. MACY. On those two provisions, overtime pay for work over 8 hours in a day and 25 percent additional pay for Sunday work, Mr. Chairman, the Congress determined last year that the overtime payments authorized were appropriate for the postal service. I would believe in the interest of Government-wide equity that similar authorizations should be given for the employees under the Classification Act and it would be my determination that such an adjustment would be one of equalization and therefore would not be, of necessity, covered by the guidepost percentage.

Mr. UDALL. The Chair recognizes the gentleman from Pennsylvania for 6 minutes.

Mr. CORBETT. Thank you, Mr. Chairman. I don't think I will need 6 minutes. I was very interested, Mr. Macy, in your recommendation on page 12 for revised tax treatment of retirement benefits. Now some of the people in this room who think this pay proposal is quite small, their fears might be alleviated if those retirement benefits were exempt from all income tax levies.



Did the gentleman have that in mind or does he care to reveal what he had in mind by that provision?

Mr. MACY. I would be happy to take a moment or two on that.

The recommendation of the Cabinet Committee on this subject is as follows: It recommends that an intensive study should be undertaken by the Secretary of the Treasury with participation and review by other Federal departments and agencies for the purpose of conducting a comparative analysis of the income tax treatment accorded to individuals receiving various benefit payments under the several Federal staff retirement systems. The Committee recommends that priority in conducting this analysis be accorded to considerations of the principle of extending tax treatment to Federal annuitants not now covered by the Social Security Act equivalent to that accorded to recipients of old-age, survivors, and disability insurance benefits.

It was the conclusion of the Committee, after studying this, that there appeared to be inequities in the tax structure as it relates to taxation of benefits as between Federal annuities and annuities under social security. And that this particular subject called for an expert study and analysis with the executive branch having an obligation to come back to the Congress with a proposal as to what the tax treatment should be.

So I do not have a specific recommendation, but an expression of a belief that this is an area that requires further study than was possible in the course of this particular analysis.

Mr. CORBETT. Well, if the recommendation could come before we have completed action on the proposed legislation, I think it might be very beneficial. And I can see here at this point an opportunity to put some dressing on the salad which would be rather wholesome.

Going along that line, with the economy in my judgment being on a collision course with inflation, if we could look into the probability of eliminating or greatly reducing the tax liability on retirement benefits, I think it would be very wholesome and I would like to have an opportunity to consider that proposal along with the whole package.

Mr. MACY. Let me say this, in view of your interest in highlighting this particular feature, the administration will make an effort to expedite this review and to come forward with proposals on this as a supplement to the other proposals that I have presented here.

Mr. CORBETT. Well, I greatly appreciate the gentleman's attitude on that. I would like to reemphasize that my interest in this is much more than academic.

Do I have a minute left?

Mr. UDALL. Yes, the gentleman has some remaining time.

Mr. CORBETT. All right. If the total fiscal cost is \$485 million for a full year, can we presume if the BLS figures for next year—this is not going to be effective until January 1, 1967—there will be further consideration given to adjustments promptly, so that the lag which the chairman referred to will not be allowed to become too great? And the reason for this lies in the fact that we are going to have a lot of pressure put on to try to increase these amounts.

Now if we could in all honesty say to those people, well, look, the administration proposes to, as the law of 1962 I think indicated, that there should be an annual recommendation, and my question is then can we presume that this procedure will happen again if the facts warrant it next year?

Mr. MACY. Certainly, Mr. Corbett, there would be an annual review of the data provided by the BLS and a determination at the end of the calendar year as to what recommendations the administration properly would make to the Congress in light of the Salary Reform Act and in the light of the then existing economic and budgetary situation.

Certainly if it were not for the economic and budgetary situation, the administration might well have recommended a further advance on comparability. Because of those strictures it is necessary to limit the total amount.

In the coming year we will continue to watch this very closely, and there will be a presentation on the entire gross compensation picture for Federal employees early in 1967, with recommendations based upon the array of considerations that exist at that time.

Mr. CORBETT. Thank you very much.

Mr. UDALL. The gentleman from New Jersey is recognized for 10 minutes.

Mr. DANIELS. Mr. Chairman, I prefer to defer questioning until I have had an opportunity to analyze the Cabinet Committee's report on retirement legislation, as well as the other report referred to, except to ask one question of the Commissioner.

On February 15 and 16 the subcommittee which I chair held hearings on H.R. 11879, a bill which I introduced, to increase life insurance on Federal employees to 150 percent of their salary or to the next nearest thousand.

I did not hear any specific reference in your statement today to that bill. There may be some reference to it in the Cabinet Committee report.

What does the administration recommend with reference to that bill?

Mr. MACY. Yes. I recommended at that hearing that the administration support an increase in the maximum to \$30,000 and the provision of discretionary standards with respect to financing, but did not support the increases in the amount of insurance nor in the ratio of the Federal Government's contribution.

The Cabinet Committee did consider the matter of life insurance and its conclusion was that in the light of the variety of survivorship plans available to the Federal employee, in addition to the existing levels of life insurance, that it was not desirable at this time to support any further investment of the fringe benefit dollar in increased insurance.

Mr. DANIELS. Then do you withdraw your endorsement of the bill?

Mr. MACY. No. The endorsement of the provisions that I supported last time still stand. But there would not be a broader endorsement of the other provisions that are in that bill.

Mr. DANIELS. I see. Thank you.

Mr. UDALL. The gentleman yields the floor with the understanding that he and the other members of the subcommittee will have a full opportunity to study the documents mentioned and to satisfy themselves of its features, before being asked to participate in writing any legislation.

Mr. DANIELS. Mr. Chairman, I don't wish to curb the other members of my committee. If they have any questions to ask at this time, I would like to accord them that privilege.



Mr. UDALL. I understand.

The gentleman from Nebraska.

Mr. CUNNINGHAM. Thank you, Mr. Chairman.

I am wondering if there is a different procedure we are undertaking in this hearing. In the years I have been here, we have had legislation by number that the administrative people come up and comment on.

And in line with what Mr. Daniels said, he has a bill in, with a specific number, and that wasn't referred to and I see the call said simply "Witnesses are to be heard," but they don't say heard on what.

Many of us have spent a lot of time in drafting legislation on compensation and retirement. Is it the policy now that these will be ignored by the administration, that you are foregoing testimony on them and eventually end up with legislation in the form of a bill, rather than what the committee has worked on?

Mr. UDALL. Will the gentleman yield to me, without costing any time, because the situation here is partly the fault of the chairman.

The Chair is anxious that our committee not get in a position this year of having a last-minute situation in which the other body dictates the strategy and the timing. I was anxious to have hearings as early as possible. One of the oldest devices known to legislative procedure here, to expedite things, when you are waiting on the administration, is to announce that hearings will begin and request their position and presentation. So the Chair took that route.

I would far prefer to have a specific concrete piece of legislation. I may have expedited this by calling the hearings when I did. I would say in addition that any time a member of this committee wants to have reports on legislation that he has drafted, either I as chairman of the subcommittee, or the chairman of the full committee, will make written requests for reports on that legislation.

Mr. CUNNINGHAM. That is fair enough.

Mr. Macy, you need not respond unless you care to.

Mr. MACY. Well, I certainly want, with all courtesy and respect, to respond by saying that what I have endeavored to do today is to present as succinctly as I could a broad program which represents the administration's view with respect to total compensation for Federal employees. I would be happy to submit reports or to offer comment on other legislation that relates to this area and takes somewhat different positions.

There are before this committee a number of bills, including your own, which call for a 7-percent increase in compensation, and provide for some additional increases in premium pay.

I believe I have indicated by describing the administration's program and some of the strictures in it, that it would not be possible for me to support such legislation this year.

I would be happy to go into further detail if that is desired.

Mr. CUNNINGHAM. No. I just wanted to know your position. Then you are opposed to all of the bills that have been introduced by the Members of the House?

Mr. MACY. That is correct.

Mr. CUNNINGHAM. Thank you. That's all.

Mr. UDALL. The gentleman from Hawaii, Mr. Matsunaga.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

I, too, will reserve my questions until such time as I have seen the bill as it will be introduced, so that I may be able to hit specific points. But I do express the same wish as the chairman of the subcommittee

on which I sit, as to insurance, that we do hope the insurance provisions, as we did discuss them at an earlier meeting, will be included.

If it is not, then we hope that you will lend your endorsement, as you did at that meeting, to an amendment which we will no doubt propose.

Mr. MACY. Thank you.

Mr. MATSUNAGA. I might comment further, Mr. Chairman, that I feel, as one member of this committee, that this is, I believe, the right approach, the comprehensive approach to salary and fringe benefit increases for Government employees.

Mr. MACY. Thank you.

Mr. MATSUNAGA. I wish to commend the Chairman.

Mr. MACY. It was our view it would really be of assistance to the committee to look at the total picture.

Mr. MATSUNAGA. Right.

Mr. MACY. Certainly we have no intention of precluding a detailed analysis of the various portions of it, but to start off with the broad vista of total compensation and proceed from there to the individual features of it.

Mr. UDALL. The distinguished gentleman from the Sunflower State, Mr. Ellsworth.

Mr. ELLSWORTH. Thank you, Mr. Chairman.

I would like to ask unanimous consent to proceed off the record for a minute.

Mr. UDALL. This will be off the record.

(Discussion off the record.)

Mr. ELLSWORTH. Back on the record.

Mr. Chairman, I want to compliment you on this very fine, thorough, and skillful presentation of your views on the compensation and retirement and related situation with which we are confronted, with respect to Federal employees this year.

You place a lot of emphasis on the guideposts which have been announced by the President as guideposts for price and wage increases throughout the economy. Well, in the first place, I wonder—and this is my reaction today—I wonder if it is relevant for this committee or for this Congress to be concerned with guideposts when we are supposed to be concerned with comparability. In other words, aside from the validity or the effectiveness of guideposts as a control on prices and wages in an inflating economy, and there is a very serious question about how effective they are, isn't it our responsibility, your responsibility as well as ours, to be thinking in terms of comparability?

Are these Federal employees receiving pay which is comparable with the pay that people are receiving who are doing similar work in private industry, in private enterprise? And isn't that the main purpose of our bill? And is it, therefore, valid for us to be so concerned with guideposts?

To be sure, I am positive that all of these proposals you have made are well within the guideposts and then some. But I query whether that is our question or whether our question is not comparability.

Do you have a comment on that?

Mr. MACY. Yes. I feel, Mr. Ellsworth, that we have an obligation, as Members of Congress and as representatives of the administration, to abide by both of these objectives, and to try to accommodate as



much in the way of progress toward comparability as we possibly can within the economic standards that have been established in order to avoid a further buildup of inflationary pressure.

As I indicated in my statement, this proposal would provide, for a million out of one million eight hundred thousand Federal employees, comparability as measured in the most recent survey that we have. And let me assure you that we have done everything we possibly could to provide as much in the way of an increase as we possibly can within the guideposts that have been established by the Council on Economic Advisers, so I believe we have endeavored to be responsible by trying to balance both of these criteria, and to meet comparability as fully as we can, without exceeding the standard that has been set for all employers, and all units.

Mr. ELLSWORTH. I appreciate your position, and I believe I understand it. But I am not convinced that we ought to be as concerned about the guideposts as you are in your statement.

In fact, just to point it up, on page 2 of your statement it says:

The President's Federal pay proposals have been carefully drawn so as to be within the economic guidepost that total compensation increases in private enterprise are expected to follow in the interest of a stable economy.

Of course in the "stable economy," not even in the real economy, entirely theoretical.

In another place in your statement you actually admit what you are recommending is comparability as of January 1, 1967, with the figures of February and March 1965, which is the old problem of lag. And it seems to me when we are dealing with employees that do not have the right to bargain about their wages, as employees do in private enterprise, that it is our responsibility, as Members of Congress and as a member of the President's administration, No. 1, to do everything we can, with the weapons we have, on a broad basis, fiscal and monetary weapons, to fight off inflation.

But when it comes to the Federal employees, to emphasize the comparability side, to be sure we don't want to exceed the guideposts. But I can tell you, Mr. Macy, I think we are a long way, in this proposal, from exceeding the guideposts. And I think that really in future consideration of this committee and in the future thinking on the part of the Post Office as well as the Civil Service Commission, I hope that recognition is given to the fact that we are a long way from bumping into the guideposts, really. And that the principal danger we have to be concerned about, as far as the Federal employees is concerned, is that inflation is going to really hurt them if we limit ourselves to the proposals you have made.

Mr. MACY. I fear I have trouble following you, because clearly this increase fills up the entire area within the guideposts. There is no slack there at all.

Certainly we have made great progress; Congress has responded very effectively in increasing Federal compensation in recent years. We have had, overall, about a 16-percent increase in the last 4 years, in an effort to bring us up to comparability. And we are approaching it.

The places where the primary gaps exist are up in the higher grades of the scale, and even there this proposal would leave only about a 7-percent gap at grade 15.

So the accomplishments of the last few years have put the Federal Government in a much more comparable and favorable competitive position. And what is sought here is to maintain that position and to maintain it without exceeding the economic guideposts which have been established for the entire economy.

Mr. ELLSWORTH. I fully agree the Congress and the administration have done a great deal in the last few years. I also fully agree what we are striving for is to maintain and improve comparability. But I still think—of course we will get this from the people from the Bureau of Labor Statistics—that we are a long way from bumping up against guideposts that I know anything about. I am very interested in this proposal for improved retirement financing.

A lot of Members of the Congress, a lot of members of the public, a lot of leaders of employee organizations have been worried about this, and I am a long way from an expert in it, but I am real glad to see this positive suggestion that has been made here, and I am certainly going to look into that and participate in these hearings with a great deal of interest on that particular point.

Thank you very much.

Mr. MACY. Thank you. I appreciate your emphasizing the financing, because this has been a major concern to the Civil Service Commission, as the steward of this plan. And I hope we can adequately present and explain this so it can constitute a plan of action for financing.

Mr. DANIELS (presiding). The gentleman from the City of Brotherly Love, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. I am sorry I came in at the tail end of this. I would prefer to defer most of my questions. But I am led to believe that what you propose is a plan that would go into effect in 1967; is that correct?

Mr. MACY. January 1, 1967.

Mr. GREEN. It seems to me if the guideposts are current, I wonder why you don't propose it go into effect in January 1966, so we would try to make the plan current with the guideposts.

Mr. MACY. The matter of the effective date is not a guidepost issue so much as it is a budgetary issue. With the rising costs in the budget, the increased expenditures for Vietnam, it is proposed that the amount of money for the increase be based upon a half year rather than a full fiscal year.

If it were not for those budgetary stringencies, clearly this increase could be authorized for the first of the year. But it is the view of the administration that the budgetary situation is such that the increase should be deferred in order to save \$245 million.

Mr. GREEN. Thank, you Mr. Chairman. I have no further questions at this time.

Mr. DANIELS. The gentleman from New Jersey, Mr. Krebs.

Mr. KREBS. Reserving the right to further question Mr. Macy, after I have had time to digest the comprehensive report, I have a couple of questions to ask. First of all, following through on the point my colleague raised with you about effective date, we talk about comparability in the law identified as Public Law 87-793, and in your statement you make several references to the fact that up to grade 5, we will have achieved comparability. But I ask you if that is really true, because you are talking about putting this increase into effect



on January 1, 1967, and you said before in answer to a previous question that the survey you were using was a survey dated either February or March 1965. So already by the time you put these increases, which I believe are totally inadequate, into effect you have a gap of 23 months. You are 23 months behind comparability, assuming all of your other statements are correct, and we haven't had time to check them.

On top of that you have the 12 months for which these wage rates would be in effect, so you have 35 months behind comparability.

Do you agree with that?

Mr. MACY. I don't agree with that.

Mr. KREBS. Where is it wrong?

Mr. MACY. As I endeavored to explain earlier, the survey of the Bureau of Labor Statistics is a survey made over a period of time with the reference month being March. The data with respect to the survey is not available until a report in November. This is the only data that is available to the administration for ascertaining what comparable rates are in the private sector.

If you use the reference month, I would compute it to be roughly a 21-month lag, which the January 1 effective date would constitute.

Mr. KREBS. Are you admitting a gap or lag of 21 months in comparability? I am not going to quibble about 21 or 23 months.

Mr. MACY. You added 12. I wasn't clear about that.

Mr. KREBS. You don't disagree with the original computation, you just disagree with adding on the 12 months during which these rates will be in effect?

Mr. MACY. If you enact this into law, you will be placing these rates in approximately 13 months after the data is available and approximately 20 months after the reference month in the survey.

Mr. KREBS. All right. I think the record speaks pretty well for itself on that.

Could you tell me one other thing? What, in your judgment, is the purpose of guideposts?

Mr. MACY. The purpose of guideposts is to maintain an increase in wages and in prices that is reflective of the increase in productivity in the entire work force.

Mr. KREBS. Is there a simple way of describing guideposts? Is it to prevent inflation?

Mr. MACY. The purpose is to reduce the inflationary pressures; that is correct.

Mr. KREBS. And you said in answer to a previous question that this related to the entire economy.

Mr. MACY. That is right. The President has endeavored to establish these as guideposts for the voluntary following by other segments of the economy that are making judgments with respect to wages and salaries.

Mr. KREBS. It really isn't voluntary in this case, is it? Do you suggest it is voluntary, if we write it into law at your request?

Mr. MACY. My view would be, if the President is endeavoring to have the private sector follow this on a voluntary basis, clearly the Federal Government ought to follow the same guides.

Mr. KREBS. Do you think maybe we ought to wait until a majority of the people involved in the private sector adopt these voluntarily? Is it fair to impose these restrictions on Federal Government employees when the rest of the economy is asked to do this voluntarily?

Mr. MACY. Yes; it seems to me this is an area where the Federal Government can take an action on its own with respect to its own responsibilities.

Mr. KREBS. Even among people who admittedly are going to be 21 months behind the comparability set up in Public Law 87-793? All right, let me ask you another question. How would you suggest that legislation be written if at all, to cope with this problem, and I am reading from a Standard & Poor's recent survey on corporate net profits after taxes. This shows that General Motors in the fourth quarter of 1965, as compared with the fourth quarter of 1964, enjoyed an increase in net profits after taxes, absolute net profit, of 65 percent. It is spelled out in figures. They made in the last quarter of 1964, \$374,537,000 net profit. In the last quarter of 1965, \$587,300,000 in net profit. That is an increase of 65 percent.

In the case of Ford Motor Co., net profit for the fourth quarter of 1964, \$101,900,000, the fourth quarter of 1965, \$162,800,000, an increase of 61 percent approximately.

How do your 3.2 guidelines relate to this kind of increase in profit?

Mr. MACY. That is an issue that is beyond the scope of my presentation or my competence.

Mr. KREBS. Do you intend to testify on the Hill before the appropriate committee on how the Government or Congress can deal with this?

Mr. MACY. I don't believe this comes within the scope of responsibility of the Chairman of the Civil Service Commission.

Mr. KREBS. Doesn't the administration that gave birth to the 3.2 guideline have a responsibility in this area, too? Do you want to answer my question?

Mr. MACY. I am not in a position to answer it.

Mr. KREBS. OK. One more question. In your testimony you used the word, on page 1, "reward," the "total reward."

Mr. MACY. Yes.

Mr. KREBS. I am not quite sure how you use that, what its meaning is.

Mr. MACY. I was using this as synonymous to compensation.

Mr. KREBS. I checked the dictionary and it doesn't quite agree that reward and salary are synonymous. I wondered if you had a special meaning.

Mr. MACY. This isn't salary, this is total compensation.

Mr. KREBS. Isn't total compensation total salary or total earnings?

Mr. MACY. No, salary and earnings and salary and compensation are different in the approach that I have endeavored to set forth here. Gross compensation includes salary plus the supplementary benefits that are available to the Federal employee, through action by the Congress.

Mr. KREBS. One final question, Mr. Chairman. I have before me Public Law 87-793 and on page 10, part 2, Federal salary program, title I, general policies, section 502, and subsections (a) and (b) of 502, deal with comparability, which you and I have discussed before in previous hearings.

I want to say in view of the suggestions made by you, if I were to introduce legislation repealing the comparability factor in this law, would you support it?

Mr. MACY. No, sir. I believe that—



Mr. KREBS. Are you in favor of it now?

Mr. MACY. I believe the Federal Salary Reform Act was very desirable legislation, from the point of view of the Federal employee, and the Government.

Mr. KREBS. Are you in favor of comparability?

Mr. MACY. Yes, indeed.

Mr. KREBS. Now, constantly, always, or just at times? Because it seems to me you don't favor comparability by your recommendations here today.

Mr. MACY. I feel in view of all factors, of an economic and fiscal nature, that this is as far as we can go toward comparability, and I believe that, as I have testified over the past 4 years, we have made great progress under the statute you have identified.

I think this is a statute that represents sound policy, but it obviously has to be administered within the context of economic conditions and national programs that exist at any particular time.

Mr. KREBS. Do you believe if the employees of the Federal Government are given increases in other areas, aside from take-home pay or salary, for example, we give them another thousand dollars or \$5,000 worth of life insurance protection, or some more hospitalization protection, or two more holidays, or anything that doesn't put spendable cash in the pockets of the employees, that this is inflationary, and violative of the 3.2 recommendation?

Mr. MACY. Yes, I do.

Mr. KREBS. No further questions.

Mr. UDALL. The gentleman from Alabama.

Mr. BUCHANAN. Thank you, Mr. Chairman.

Mr. MACY. I congratulate you, too, on including some thought on methods to improve financing and funding of the civil service retirement program. I think it is high time we took a look at that. I appreciate this overall report.

Mr. Chairman, I hate to be the fly in the ointment here, and yet I feel I would be remiss if I did not express my concern over a matter. I certainly understand Mr. Macy, and there is nothing unrealistic about the concept of retirement and health and insurance benefits being a part of entire compensation, of course they are, nor is there anything wrong in considering these together in a piece of legislation.

But may I say, Mr. Chairman, I am concerned, because as a member of the Retirement, Insurance, and Health Benefits Subcommittee, I for one have waited with great interest for this Cabinet Committee report on the Federal system, and have felt there may well be a need for a major overhaul of present retirement legislation, at least there is enough indication this may be the case that we need to take a very thorough look at the number of things, and I could hope that whatever pattern we work out for the handling of this compensation legislation, whether or not we work together on retirement and health insurance aspects of the compensation legislation, that this would not dispose of the matter of retirement legislation possibilities for this Congress in light of the fact it seems to me that there is room for a very thorough look at our retirement picture, perhaps for hearings to be held on this specific question, and I could hope that this would not simply boil down to being an addendum to the compensation hearings and legislation.

Mr. UDALL. Will the gentleman yield to me?

Mr. BUCHANAN. Yes, sir.

Mr. UDALL. We have a problem that is of no one's particular making. We have a package proposal. There are many sound arguments, as you have indicated, for a package proposal. We have a bill or proposal which in part is before the gentleman's subcommittee and part is before this subcommittee. Another part will probably have to be before the Ways and Means Committee. And we get into a procedural problem.

I want to say as I said earlier, that the Subcommittee on Retirement, Insurance, and Health Benefits has done a fine and constructive job. I think one of the best things we ever did was to set up that subcommittee, and put on gentlemen like the gentleman from Alabama, the gentleman from New Jersey, and the other members.

I am certainly not attempting nor desirous of stealing any jurisdiction of that subcommittee and I want to cooperate with them. I think the overall broad look the gentleman is talking about, may be necessary and may be helpful. You can count on the support of the chairman of this subcommittee for anything the gentleman wants to do in this regard.

Mr. BUCHANAN. Thank you, Mr. Chairman.

Thank you, Mr. Macy.

Mr. MACY. Let me add, clearly the intent of the Cabinet Committee was to give the kind of comprehensive review you have indicated and we would be happy to confer with you personally, if there are points where the report does not appear to answer any questions you may have.

Mr. BUCHANAN. Like the other members, I need to take a thorough look at it.

Thank you.

Mr. UDALL. The gentleman from Michigan, Mr. Clevenger.

Mr. CLEVINGER. Mr. Chairman, I am intrigued by the discussion of comparability and guidelines, because I just returned from my district and talked to one of your employees, or the wife of one of your employees, and she of course is in favor of higher pay for her husband.

I talked to some of my employees who would like to have pay comparable to Federal employees, and they very consistently opposed Federal employees getting more, even increasing the gap between what they get in private industry and what they could get if they worked for the Federal Government. I think you bring up all by raising and not holding down the Federal employees. But I have been concerned with what I guess you call the total reward, because aren't you recognizing now the fact as has been recognized in private industry, that if the Government or employer pays for health insurance, which would otherwise be purchased by the family and needed by the family, this is actually a higher raise in compensation even than the dollar amount paid by the employer—what I was getting at is—what I am getting at and what you are doing is this, we are saying when an employee has to pay \$1 more for health insurance, or pay a dollar of his wages for health insurance, he has to actually, if he is even taxed at the 20-percent rate on his income tax, he has to have an increase of \$1.25 an hour, or \$1.25, to get a \$1.29 paycheck to pay for it.



So, when the Government or the employer pays that dollar for the health insurance, it is an even greater increase, because it is a payment outside of the tax structure, isn't it?

Mr. MACY. That is right. This is a payment being made by the Government, contributing to the cost of a needed portion of economic security for the employee and his family.

Mr. CLEVINGER. And if the employee continued to pay it, the employee would have to have added to his paycheck not just \$1, but \$1.25, or a higher amount, because some of that comes off before he gets it in income taxes?

Mr. MACY. That is right.

Mr. CLEVINGER. And that is what you are talking about, when you talk about total reward, isn't it?

Mr. MACY. Yes. You see, if you take salary, base pay, as 100 percent, the Government is contributing beyond that in fringe benefits another 25 percent in the total package of benefits. And these are benefits that over the years the Congress and various administrations have felt desirable in order to provide the employee with these extra services, designed to assist him in times of difficulty due to ill health or death in the family, benefits to provide vacation, sick leave, benefits to take care of his retirement years. And these are a part of total compensation. And we are really not serving the employee or the Government well if we don't recognize the costs that are involved in these benefits as well as in the base pay.

As we adjust benefits, we also have to recognize what this represents in the way of increased Federal costs. On the other hand, we also have to recognize that increases in salary have an impact on the cost of benefits. The increase in salary, which we hope we can provide on a regular basis, in response to comparability, also increases the cost of retirement, because it is raising the salary level that eventually is going to be reflected under the formula that we have in the annuities that are paid.

Mr. CLEVINGER. Right. Now let me go to another part of your presentation. Can we do even more in what I consider an acceleration of the trend that is suggested in yours, can we do more to accelerate this trend, to make retirement benefits interchangeable between Federal, State, and local governments, and governmental retirement systems, and those in private industry, so that we can facilitate the interchange of personnel between governmental employees at the various levels, and the private industry?

Mr. MACY. Well, my view, Mr. Clevenger, is that one of the three provisions for retirement improvement, namely the transfer of credit, will substantially accomplish the purpose you are referring to, because the Federal Government today is the one large employer that does not have its employees covered by social security. And under this plan it will be possible for an individual starting out in the Federal Government to gain social security credits and then to carry those credits over into State or local government or into private employment.

Mr. CLEVINGER. I recognize that as a movement toward this goal I have and many of us have.

Mr. MACY. Right. And I would like to see companion action by State and local governments, so their retirement systems more frequently vest at 5 years, the way the Federal Government does, so

that people who move from job to job would accumulate a number of retirement eligibilities.

Mr. CLEVENGER. All right. And when I say can we even accelerate this trend, and hasten the movement you say is implicit in yours, and I agree, we are talking only of the minimum retirement benefits when we talk of social security, because we go beyond the social security system in our Federal benefits.

Mr. MACY. Very substantially, yes.

Mr. CLEVENGER. And so do many, well, so do some of the State and local governmental units and so do some of private industry. Can we continue to seek out the ways of having this structured in such a way that you can consider them in units and if a person moves amongst the employers, the market so to speak, he can have the retirement protection when he retires and we can have the benefit of the inter-movement between employers?

Mr. MACY. I think a lot more needs to be done among employers with differing pension and retirement systems to bring about the kinds of compatibility you are speaking of. For example, there is a meeting next week where representatives of local, State, and Federal Government will meet to talk about how they can build up the opportunities for mobility between systems and one of the barriers to such movement will tend to be the different retirement plans. And one of our principal topics of discussion will be how we can lower those barriers jointly, so this kind of interchange can take place.

Mr. CLEVENGER. Thank you, Mr. Chairman.

Mr. UDALL. The gentleman from New York.

Mr. HANLEY. Thank you, Mr. Chairman.

Reserving the right to question following further study, Mr. Macy, I want to commend you on what I observe to be a rather comprehensive proposal, and a sincere effort in the direction of curing the ills that persist in our Federal salary structure. I would like to associate myself, No. 1, with the remarks of our colleague from Pennsylvania, Mr. Corbett, with respect to the concern for considerate revision of tax treatment for retirement benefits. I look on this as an area where we have to do a lot of work and I am totally sympathetic with those in that category, who attempt to cope with the ever-increasing costs of living and a fixed income.

So I again want to associate myself with his remarks and trust that something further will come of it.

Mr. MACY. Let me say in that connection, Mr. Hanley, that in the Cabinet Committee report there is an endorsement of provision enacted by Congress last year, at the recommendation of the committee that Chairman Daniels heads, that there be an adjustment of annuitant's rates, based upon increases in the consumer price index, on an automatic basis. The view of the Committee was that this was a desirable approach to assure that the purchasing power of the annuitants is maintained over time, so that there would not be a loss.

Your point on taxation is clearly one that we need to look at, to eliminate inequity and see if there are other adjustments that could be made in the interests of the annuitants' future.

Mr. HANLEY. I am pleased to hear of your recognition of this problem area. With respect to the levels beyond GS-5, insofar as full comparability is concerned, do we have a target date in the future?



Mr. MACY. We don't have a precise target date, because it is so difficult to foresee what future conditions are going to be. The proposal that we have offered here today does improve the situation by amount of 37½ percent. In other words, it closes the existing gap to that extent. It certainly is the hope of the administration that in subsequent years the economic and budgetary situation will be such that the gap can be even more rapidly closed. I am afraid that is about as precise a commitment as I can make.

Mr. HANLEY. As long as its intent is honest, I am satisfied.

Just one other question. You referred to Federal employee's status for National Guard technicians. By this do I interpret you as saying they will have full civil service status?

Mr. MACY. This is an area that we are working on with the Defense Department, to determine just what the proper status of National Guard technicians should be. It has been proposed that they be covered by the Federal civil service retirement system. And if that is to be the case, we need to ascertain how we handle the financing, and the accumulation of credits for those men and women who have been engaged in that work.

Mr. HANLEY. This is another area where I observe we have been extremely derelict, to these people who have been in the employ of the National Guard for a good number of years and have nothing in the way of benefits. So I again would hope that I can interpret this proposal to include those in this category for consideration as full civil service status.

Mr. MACY. That is the intent.

Mr. HANLEY. Thank you. No further questions, Mr. Chairman.

Mr. UDALL. Mr. Macy, I have two quick inquiries.

Our colleague from North Carolina, one of the members of this committee, Mr. Henderson, has asked for time to testify subsequently, and as I understand it, he is going to propose that selective service employees be included in this bill and receive any pay increases that are granted. Have you had a chance to study this and do you care to comment on it at this time?

Mr. MACY. This is a longstanding point of controversy. The position of the administration is that the present system of determining salaries for those working for the Selective Service System is appropriate, rather than to move those employees under the Classification Act. The individuals involved are working for volunteer boards. They are very closely related to State and local government employees, in contrast to Federal employees. And, therefore, the determination by the State authorities of levels of salary in keeping with what is being paid in the State appears to be the most equitable way of providing compensation.

Mr. UDALL. Did I not hear a rumor somewhere that the administration is about to change its traditional position in opposition to having employees of the agricultural stabilization and conservation organizations deemed to be Federal employees, made Federal employees for all purposes?

Mr. MACY. Mr. Chairman, one of the very reliable reporters on civil service matters so indicated. The other day, I testified before the Senate committee that it was the view of the Civil Service Commission that the Congress had extended benefits to these employees to such an extent that they should be designated as Federal employees,

and take on not only all of the benefits, but the obligations and other aspects of civil service as well.

At the present time they are covered by the Retirement Act, Life Insurance Act, the Severance Pay Act. However, they are not covered by the Civil Service Act, they are not covered by the Hatch Act, they are not covered by veterans' preference, and although these employees have in the past been identified and are today identified as employees of county committees, it is our view that they should be more properly identified as Federal employees and have all of the features of Federal employment relate to them.

Mr. UDALL. The Chair proposes to adjourn in about 10 minutes and will yield in segments of 2 minutes to any of the members who have further matters to pursue at this time.

Mr. CLEVINGER. I am perfectly willing to adjourn.

Mr. UDALL. We will stand adjourned until 10 o'clock tomorrow morning, in room 215, this building.

(Whereupon, at 3:40 p.m., the subcommittee was adjourned, to reconvene at 10 a.m., Tuesday, March 8, 1966.)



## FEDERAL SALARIES AND FRINGE BENEFITS

TUESDAY, MARCH 8, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10 a.m., in room 215, Cannon Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order for the further consideration of legislation affecting Federal salaries and fringe benefits.

Our witness this morning is Hon. Richard J. Murphy, Assistant Postmaster General, Bureau of Personnel.

I think you are accompanied by your staff?

Mr. MURPHY. Yes, Mr. Chairman. I would be pleased to introduce them: Mr. Bernard Beary of the Program Planning Office, Bureau of Personnel, and Mrs. Ann Flory, Assistant Director, Compensation Division. Mr. John Swygert, Director of the Installations Management Division, Bureau of Operations.

Mr. Block, our Director of the Compensation Division, is unfortunately down with the flu and unable to be with us.

Mr. UDALL. We are happy to have you people with us. You may proceed.

**STATEMENT OF HON. RICHARD J. MURPHY, ASSISTANT POSTMASTER GENERAL, BUREAU OF PERSONNEL; ACCOMPANIED BY BERNARD BEARY, PROGRAM PLANNING OFFICE, BUREAU OF PERSONNEL; MRS. ANN FLORY, ASSISTANT DIRECTOR, COMPENSATION DIVISION; AND JOHN D. SWYGERT, DIRECTOR, INSTALLATIONS MANAGEMENT DIVISION, BUREAU OF OPERATIONS**

Mr. MURPHY. Thank you, Mr. Chairman.

I have a prepared statement—it is about 22 pages in length—and I would like to request permission to read it, because I have tried to be responsive to some of the points Mr. Cunningham brought up when he asked for comments on various bills that had been introduced by the members, in addition to presenting several studies we have done which I think would be of help to the committee, therefore I would ask your indulgence and your permission to read it to you.

Mr. UDALL. The statement is important and I know it has been carefully prepared. I think it would be well if we took the time for you to read it. The chairman is not unaware of the time limitation on you, Mr. Murphy, in putting together your Department's position,

when the President's message only came down yesterday. I suspect the midnight oil was burned and the mimeograph machines oiled and operated at hours unfamiliar to them, so we are happy to have you read it.

Mr. MURPHY. Mr. Chairman and members of the committee, it is a pleasure to appear here once again and to endorse, on behalf of Postmaster General O'Brien, progressive pay, health benefits, and retirement proposals which the President made yesterday to benefit all postal and Federal employees.

Mr. Chairman, this is the third year in a row that President Johnson has seen fit to support a pay increase for postal and Federal employees. I think that record is without parallel.

In the field of personnel legislation, last year was a banner year for the Post Office Department; one of the best that postal employees have ever enjoyed. Legislation passed last year by the Congress helped us greatly to modernize the work and pay rules of the Postal Establishment and to take a giant stride forward in the tremendous amount of catching up that we have done over the past few years in matters of postal compensation. Paywise, we had lagged considerably behind comparability, our overtime rules were antiquated, work schedules were outmoded, our employment ceilings unrealistic. Congress in the past few years, and especially in the immediate past year, assisted the Post Office Department in making rapidly accelerated progress that has moved the Department from the ranks of the not-so-good employers to the ranks of the progressive employers.

These are some of the progressive legislative changes which this Congress adopted last year:

1. Removed the Post Office Department from the unrealistic employment ceiling imposed by the "Whitten amendment."
2. Provided a "5-day week" for postmasters.
3. Eliminated, for rank-and-file employees, and firstline supervisors the antiquated system of compensatory time.
4. Established for the first time overtime provisions for substitute employees.
5. Clarified rules on overtime, including, for the first time, cash opportunities for work on a sixth or seventh day.
6. Provided cash instead of compensatory time for holidays.
7. Established the maximum permissible hours of work in 1 day.
8. Provided an increase in base pay of 3.6 percent.
9. Provided severance and relocation pay.

The above list, Mr. Chairman, represents a truly remarkable series of legislative adjustments. Correspondingly, these and other provisions adopted by the Congress required a major effort on our part to make certain adjustments in the management of almost every one of our 35,000 postal installations. The months of October, November, December, and January were extremely busy ones as we undertook to:

1. Adjust payrolls for the new increase.
2. Issue rules on work schedules and rearranged schedules to maximize Monday through Friday work periods.
3. Rework Sunday schedules to reduce penalty compensation payment to required minimum.
4. Employ and train thousands of new persons to cover for rescheduled employees.



5. Issue new rules on pay, overtime, and holidays.

Almost simultaneous with these pay and schedule changes we also had our "annual deluge"—the Christmas rush, which broke all records for volume—and was, I am pleased to advise, the finest ever in terms of speed of delivery, operating efficiency, and lack of complaints.

To add to the complication, was the fact that thousands of our best employees, especially our supervisors and postmasters, were among the 11,000 postal employees who retired on December 30, 1965, to take advantage of the generous retirement opportunity contained in Mr. Daniel's bill, H.R. 8469, subsequently enacted as Public Law 89-205.

As a matter of fact, October to January saw us add over 62,000 employees to our rolls to cover retirement, resignations, rescheduling, reduction of overtime, and increased workload, in addition to the 139,000 hired as Christmas assistants.

While 1965 was a banner legislative year for postal employees, we recognize that there is still much to be done. Proposals to deal with the unfinished business in three major areas are reflected in the message on pay, health benefits, and retirement, which the President has sent forth to the Congress.

Since 1962, Mr. Chairman, scheduled pay rates for postal employees increased over 19 percent. That is an annual average of almost 5 percent. To illustrate:

PFS-4, step 1 prior to October 1962 was \$4,345.

PFS-4, step 1 since October 1965, reflecting the last pay increase in the field, was \$5,181.

Since the pay law of 1962 provided additional increments for employees on the rolls, actually the increases exceeded 20 percent since 1962, as follows:

Public Law 87-793 of 1962:

Phase I, 8.6 percent.

Phase II, 2.6 percent.

Public Law 88-426 of 1964, 5.6 percent.

Public Law 89-301 of 1965, 3.6 percent.

How do the increases for postal employees over the past 4 years, from 1962 through 1965, compare with pay increases in the economy generally? In looking at these comparisons we must remember that in 1962, postal salaries were quite a bit behind comparable schedules in private industry. In spite of the fact that since then we have made great progress, and that, as the figures will show, postal increases have outstripped increases for private industry during the most recent 4-year period, postal salaries still lag behind scheduled comparability by varying degrees. That is why this is the fifth consecutive year I have had the pleasure of appearing before this committee to advocate a pay increase. I might also add that during this time, whatever differences we have had with the employee organizations have never been over whether an increase was necessary, but what the amount of that pay increase should be. That is precisely our position today.

I might say that probably there will always be differences of that type between us and the employee organizations and we can perhaps never propose one that will be approved by them totally and they will always be asking a little more than we can grant. I want to

emphasize that there has never been a disagreement over whether there should be an increase; it has always been over the amount.

An insight to the movement of wages in the private economy can be obtained from three sources:

1. Earnings of production workers.
2. Negotiated increases in base pay.
3. Private enterprise increases as reported by Bureau of Labor Statistics for positions equivalent to Classification Act grades, 1961-65.

First of all, what has been the average increase of the production workers? I think the chart here demonstrates that, while the annual increases added together total 11.9 percent for the years between 1965 and 1961, earnings increased overall by 16½ percent. That is, if you take the pay in 1961 and compare it in 1965, it is a total increase of 16½ percent.

According to the Bureau of Labor Statistics, the rate of increase in hourly earnings for production workers has slowed down considerably since the early postwar period. In the last 5 years the annual increase has averaged 2.9 percent as compared with 4 percent between 1956 and 1960 and 5.3 percent between 1951 and 1955. Further, the Bureau of Labor Statistics reports there is no sign of acceleration in the rate of advance over the 5-year course of current economic expansion.

*Average earnings of production workers in manufacturing*

	Per week	Weekly hours	Per hour	Percent increase
1961-----	\$92.34	39.8	\$2.32	-----
1962-----	96.56	40.4	2.39	3.0
1963-----	99.63	40.5	2.46	2.9
1964-----	102.97	40.7	2.53	2.8
1965-----	107.53	41.2	2.61	3.2

Secondly, trends in negotiated increases. This chart demonstrates that for the 4-year period 1962 to 1965 the average negotiated contract increase amounted to 3.25 percent. For 1966 an increase above the average for the past few years is not expected since not as many major contracts are coming up for renegotiation in 1966.

*Trends in negotiated increases—Increases for union agreements signed*

1962-----	2.9
1963-----	3.0
1964-----	3.2
1965-----	3.9

Third, private enterprise increases as reported by Bureau of Labor Statistics for positions equivalent to Classification Act grades, 1961 to 1965, this chart shows that the clerical increase during that period has been 10.6 percent, the lower professional and administrative, 13.7 percent; and the higher professional and administrative, 15.2 percent.

At the same time, the Consumer Price Index has risen by less than 2 points each year. Overall, from 1961 to January 1966 the index rose less than 7 points, or, expressed as a percentage, 6.5 percent.

The purpose of my outlining the above statistics is to demonstrate that the justifiable increases provided postal workers, especially rank and file, during the past few years, compare favorably with the ex-



perience of employees in private industry during the comparable period of time. The committee is also mindful, I am sure, that the average postal employee's salary is not tied solely to initial salary. Happily, unlike many areas of private industry, each postal employee has a series of pay increases which he achieves virtually automatically. During his first 6 years of employment he receives an increase of 3 percent every 12 months. And this committee very graciously added a few steps a few years ago, on the recommendation of the administration, to our lower grades. Thereafter, he receives an additional 3 percent every 3 years, until he has reached the 12th pay step.

Because of our relatively low turnover in the postal service, plus the fact that in 1962 the law provided an extra step to each employee in PFS-4 and below on the rolls at that time, the average postal clerk and carrier is now today in step 8 of his level. The following chart on the salary progression of the average clerk and carrier should prove informative.

1962 schedule		October 1962 schedule		October 1965 schedule		Increase 1962-65	
Step	Rate	Step	Rate	Step	Rate	Amount	Percent
1-----	\$4,345	2-----	\$4,725	5-----	\$5,865	\$1,520	35.0
2-----	4,505	3-----	4,885	6-----	6,036	1,531	34.0
3-----	4,665	4-----	5,045	7-----	6,207	1,542	33.1
4-----	4,825	5-----	5,205	7-----	6,207	1,382	28.6
5-----	4,985	6-----	5,365	7-----	6,207	1,222	24.5
6-----	5,145	7-----	5,525	8-----	6,378	1,233	24.0
7-----	5,305	8-----	5,685	9-----	6,549	1,244	23.4
A-----	5,405	9-----	5,845	10-----	6,720	1,315	24.3
B-----	5,505	10-----	6,005	11-----	6,891	1,386	25.2
C-----	5,605	11-----	6,165	12-----	7,062	1,457	26.0
		12-----	6,325				

The reason I am putting this in here, Mr. Chairman, is to demonstrate, for example, that a letter carrier who was in step 1 in 1962, in 1965 finds himself in step 5. He has had an increase in salary of roughly 35 percent since 1962. And so on down the list. A person in step 6 in 1962 and is now in step 8, which is our predominant step today, has had an increase of 24 percent in come since 1962.

The reason I point this out is that during the past year or so I have had the experience that members of this committee have had, of attending rallies of employee organizations, and very frankly I have been surprised to find there is so much criticism on the part of the rank and file people who don't really understand the magnitude of the increases that have been voted by the Congress since 1962. Sometimes they have been quite critical of the union officials but I think they should know what a good job their union leaders have done. I think this chart demonstrates they have done an outstanding job, in my estimation. Sometimes they wanted an increase a little higher than what the administration wanted. Nevertheless, it's been a good increase and has been worked out by all concerned, but I don't think it is understood among the rank-and-file employees, and that is why I am including this today.

Now Mr. Macy, Chairman of the Civil Service Commission, during his appearance before this committee indicated that for this year, for sound and compelling national economic reasons, a pay increase averaging 2.85 percent over all schedules is appropriate. In

terms of comparability, and using the three linkage points provided in the Pay Act of 1962, the pay line developed by using Bureau of Labor Statistics data gives us 2.4 percent, at level PFS-4. Above that level we have derived a pay line which, while less than full comparability, goes a long way toward closing the gap by providing higher percentage increases through PFS-17. Hence we have 3.5 percent at PFS-11, 4.5 percent at PFS-17 and 2 percent at PFS-20.

The next chart gives you what the percentage increase is in the President's proposal for each of the grades in the postal field service. It also gives you what the average increase would be when applied to the fourth step and it also gives you in the final column what this leaves each grade as to comparability. It shows, according to the latest available data, that this would provide 100 percent of comparability for about 85 percent of our work force, descending to a minimum of 90.8 percent at PFS-17. The supergrades PFS-18 to 20 are given 2 percent because of the compression problem with pay of executive level categories.

	4th step	Percent increase	Dollar increase	Percent 1965 comp.
Postal field service:				
1.....	\$4,590	2.2	99	100.0
2.....	4,970	2.3	111	100.0
3.....	5,385	2.3	122	100.0
4.....	5,830	2.4	136	100.0
5.....	6,240	2.4	146	98.8
6.....	6,690	2.4	158	96.8
7.....	7,165	2.4	168	96.7
8.....	7,755	2.4	183	96.6
9.....	8,390	2.4	197	96.6
10.....	9,220	3.2	285	95.2
11.....	10,225	3.5	346	94.8
12.....	11,340	3.8	415	94.2
13.....	12,585	4.1	495	93.7
14.....	13,935	4.5	598	93.1
15.....	15,395	4.5	663	92.2
16.....	17,025	4.5	735	91.5
17.....	18,840	4.5	810	90.8
18.....	20,375	2.0	401	-----
19.....	22,580	2.0	441	-----
20.....	25,040	2.0	492	-----

We make no attempt to equate the supergrades with comparability, because it would be simply too high an increase, and it would never get voted.

You will notice, Mr. Chairman, these increases range from 2 percent in the supergrades to 4.5 percent in level 16.

Nothing that I have been able to review has helped me to establish a valid base for the 7-percent increase proposed in a number of bills now under consideration by the committee.

Health benefits and retirement: The increases in direct pay recommended by the President are supplemented by a number of very valuable improvements in other compensation benefits, which when taken together with the pay increase brings the administration's proposal to an average of 3.2 percent. These proposals were described in some detail by Chairman Macy and I want to say on behalf of Postmaster General O'Brien that these will be of particular benefit to postal employees and to the efficiency of postal operations. The Post Office Department wholeheartedly subscribes to them. The new cost-sharing ratio for the health benefits is manifestly more equitable and realistic than the ratio that now prevails.



The privilege of retiring with full annuity at age 55 after 30 years' service responds to a need long expressed by employee groups for many years before this committee. The more limited concurrent authority recommended by the President for agencies to exercise the retirement option—limited, I emphasize, to the employees in top grades, GS-13 or higher—responds to a longfelt need of management officials. And I can tell you it is a longfelt need, having discussed this with most of the Federal agencies' personnel people.

Reducing the service requirements at age 60 from 30 to 20 years will give an entirely new retirement option to career employees who reach an age when they may reasonably feel entitled to stop work or may find it actually necessary to withdraw because of declining physical capacity.

The transfer of credit provisions will finally close the gap for large numbers of present and future workers who under the existing structure would end their working lives without either civil service retirement benefits or social security credit for their Federal employment.

The social security minimum will guarantee that employees who receive benefits under the civil service retirement system will get no less than if their Government service had been covered under social security.

These several benefits, when added to the general pay increase which the President has proposed, represent a very meaningful package of improvements in the compensation of postal and other Federal employees. They are a broad attack, Mr. Chairman, in a wide variety of areas on problems which have been long outstanding before your committee and Mr. Daniels' committee having to do with health benefits and pay and we think it is a good package.

At this time I think it would be appropriate for me to provide this committee with our thoughts on some of the other bills now pending before you as they relate to premium or special pay considerations for postal employees. I guess this is the only opportunity we will have for that purpose.

Mr. UDALL. I think it is very appropriate.

Mr. MURPHY. The work schedules: The bill introduced by Mr. Olsen, H.R. 12240, would change the current language in the law on work schedules. Mr. Olsen's bill makes these important proposals:

(a) Changes the maximum period of consecutive hours during which an employee may be worked or available to work from 12 to 15. The current requirement that no employee shall be employed more than 12 hours in 1 day remains. The mandate regarding a maximum of 12 hours in a day is sound, in my estimation, and by far the most important. We would go along with changing the consecutive rule from 12 to 15 hours for it will permit the use of some employees during the early part of a day, say from 6 a.m. to 8 a.m. and then later that day, say from 5 p.m. to 8 p.m. Currently, the 12-hour restriction has caused the curtailment of hours of many part-time employees, whose only available work periods were in spans longer than 12 consecutive hours, even though they themselves would not work more than 12 hours in the day.

(b) Mr. Olsen's bill also excluded reference to Monday through Friday schedules, but he does propose that Sunday shall not be a scheduled workday. The result, then, would be that Sunday when worked by a regular employee would always be overtime and paid at

the 150-percent rate. In turn, Mr. Olsen's bill drops the 25-percent differential for Sundays since it would never be a regularly scheduled day of work. This proposal relates to the entire question of weekend premium pay which will be discussed next.

As a result of the law passed by this Congress last year, the Post Office Department is now a leader among public administration jurisdictions in the payment of a premium for Sundays "as such." We now pay a 25-percent differential to regular employees whose work schedule includes 8 hours of work, any part of which falls on Sunday.

To illustrate, if a tour starts at 5 p.m. Saturday night and ends at 2 a.m. Sunday, the entire tour is paid for at the rate of 125 percent. Of course, to reduce the incidence of Sunday premium pay we have carefully checked our tours and to the maximum extent possible tours now end before 12:01 a.m. Sunday or do not begin before 12:01 a.m. Monday. This provision has created a need for considerable re-scheduling, and, of course, has involved extra cost and some operational problems, about which Mr. Swygert could respond later.

Mr. Krebs and Mr. Hanley in their bills both propose that Saturday work be paid for at the rate of 150 percent and Sunday at the rate of 200 percent. Mr. Olsen would continue Saturday as a regular day but would exclude Sunday from the work schedule—thus when worked it would be as an overtime day; 150-percent rate.

At our request, the Bureau of Labor Statistics undertook a detailed study of prevailing industry practices to determine the extent to which continuous process industries pay a premium for weekend work. By continuous process we mean industries which ordinarily do not close down Friday nights and reopen Monday morning except, for example, for their "busy season."

At this time we have only the preliminary results of the BLS special study. As soon as the full results are ready I will submit a copy for the committee's record. As of this date, this is what the BLS reports:

Of the 325 union contracts studied, 145 provide a premium for Sunday work as such; that is, Sunday, even though part of the regular work schedule, is accorded a premium rate.

The 145 contracts which provided a premium for Sunday work were distributed as follows:

1¼ times regular rate.....	20
1½ times regular rate.....	74
2 times regular rate.....	8
1½ times for 1st 2 Sundays worked, double time for subsequent consecutive Sundays.....	9
Miscellaneous, such as cents per hour, special locations, etc.....	34
Total.....	145

In terms of overall differences, about 91 agreements pay better rates than time and a quarter. This represents under 30 percent of all agreements studied; 180 of the 325 contracts studied pay no premium at all. Clearly then, there is no justification for any increase in the Sunday premium, based on the prevailing practices in continuous process industries. As noted earlier, at present the Post Office Department with its time-and-a-quarter rate is a leader among public administration jurisdictions.

As regards premium pay for Saturdays as such, the Bureau of Labor Statistics finds that this is not at all prevalent. Of the 325



agreements studied, only 26 agreements, or less than 10 percent, provide a special rate. Thirteen agreements provide time and a half. No agreement provides one-and-a-quarter or double-time rate. The remaining 13 agreements have a variety of additional amounts, such as cents per hour, flat sums, and what have you. With 90 percent of the continuous process industries paying straight rates for scheduled Saturday duty, I believe, the case for holding such to be the prevailing practice is unassailable.

Mr. Olsen's bill proposes 150 percent "extra" for all holidays worked except Christmas Day. That is extra or 250 percent for Christmas Day—it is not clear whether it is extra or not. We are not certain of the intent of Mr. Krebs' and Mr. Hanley's bills on this point. Both speak of holiday premium at 200 percent. Actually, this is what employees now receive except for Christmas Day, when they receive 250 percent—base pay plus "extra" pay for this holiday. Also, for a technical reason it appears those two bills would result in paying substitutes more liberally than regulars, the reason being substitutes already have a pro rata amount built into their schedule and on a pro rata basis paid for holidays.

The current situation in industry is as follows:

First, number of holidays. The most recent statistical source on pay for holidays is the Bureau of Labor Statistics Bulletin No. 1470: "Supplementary Compensation for Non-Production Workers, 1963." Table 23 in that publication indicates that while the number of paid holidays ranges from 5 to over 13, the modal number is 8. Of 749 industries checked, over half, or 375, provide 8 or more holidays for their nonsupervisory employees. This bulletin verifies what has been reported in other publications; that the average number of paid holidays in industry is now seven or eight per year.

The reason I bring that out, Mr. Chairman, is that for a long time we felt we were ahead of private industry in paid holidays. The latest information is that industry has caught up with the Federal Government and in certain areas they are somewhat ahead of us.

Now, pay for holidays worked. BLS Bulletin No. 1470, table 30, indicates that additional pay for holidays at straight time rates is no longer predominant in industry. Of 748 firms surveyed, the following results were obtained regarding extra pay for working on holiday:

No extra pay.....	120
Specified amounts per hour.....	1
Less than straight time.....	17
Straight time.....	151
Time and one-half.....	310
Other multiple.....	145
Other, etc.....	4
Total.....	748

In a recently published monograph entitled "Basic Patterns in Union Contracts," Bureau of National Affairs, January 1966, the following was reported:

Fifty-seven percent pay the 1½ rate or better in addition to base pay for work on a holiday; 34 percent pay time and a half; 23 percent pay double time.

The Prentice-Hall "Personnel Policies and Practices Report" indicates that in addition to pay for unworked holidays employees

receive the following amounts according to contracts they have analyzed:

Hourly employees: 31.1 percent at time and a half rate; 24.1 percent at double time rate.

Salaried (nonsupervisory): 19.5 percent at time and a half rate; 16.1 percent at double time rate.

Supervisory: Note the falloff: 1.1 percent at time and a half rate; 2.3 percent at double time rate.

For supervisory employees, other arrangements such as compensatory time may be provided. Indeed, only one-fifth of the private industry units reviewed by the Bureau of Labor Statistics in its study of supplementary compensation benefits for nonproduction workers—1963, which is the latest study we have—provides extra pay for supervisory employees. In contrast, the Post Office Department pays extra compensation to all supervisors in PFS-7, which is the vast majority of our supervisors, and below that for holiday work.

The Post Office Department grants compensatory time off to supervisors in PFS-8 and above for work on holidays—except Christmas Day for which extra compensation at time and a half rate times the basic rate is mandatory.

The above are the facts as to prevailing practice for employment on a holiday. On balance, and I emphasize on balance, and in terms of total annual compensation for holiday work, the Post Office Department is within the range of comparability in that, first, for seven holidays we pay straight time additional and for Christmas Day we pay all employees at the 150-percent rate, and secondly, the eight holidays are always granted whether the holiday falls on a Saturday, Sunday, or an employee's "off" day. This assurance, Mr. Chairman, is not always the case in industry. For example, only 40 percent of contracts studied by Prentice-Hall gave Friday off for a Saturday holiday. We believe in view of these facts, and the action of the Congress only a few months ago, that at the present time there is no need for further legislative adjustment of holiday benefits.

I indicate at the present time, I am not saying forever, because as this indicates, practices in private industry change, but I am saying on balance in view of the action taken by this committee last year and in view of the facts discussed here, and in view of the fact we pay all seven holidays straight time additional, we see no need for change in the holiday picture.

Overtime for substitutes after 8 hours: As indicated in our testimony before this committee last year, the Post Office Department was sincerely concerned about, first, the excess hours or work required of many postal employees and, second, the fact that substitutes were not properly accorded overtime pay for excess hours of work. As for our first concern, we reduced considerably the number of excess hours of work required of each employee by adding thousands of new persons to our rolls. Forty hours of work a week under contemporary conditions is a plenty, in my estimation.

As for the second, we urged the enactment of legislation to permit payment of overtime to substitutes after 40 hours in a week. This was enacted by this committee.



The question now is whether we should take the next step; namely, overtime for substitutes after 8 hours in 1 day. The answer to this question depends on your response to these three considerations:

First, will it be helpful to the postal service?

Second, will it be helpful to the postal employee?

Third, what is the prevailing practice in industry?

As this committee knows, the postal business is a 7-day, 24-hour-a-day operation. The clock does not stop for us. Further, we have peak periods and unpredictable peakloads. To make mail deliveries when a regular is unexpectedly out, we need a substitute; when an unplanned and heavy load is brought to an office, we must put on extra man-hours to meet dispatch times; when trains are late, when airports are closed, we need unplanned increments of man-hours. Our substitute force is geared for such eventualities. This means employment for 10 hours on 1 day, 6 hours the next, 9 hours the next, and so forth. It means using students on less desirable tours or peakload periods to relieve our regulars; housewives and students during the Christmas rush, Mother's Day, et cetera.

If overtime after 8 hours in 1 day were required, the premium pay penalty would cause us to reconsider the manner in which substitutes are used under certain circumstances. A penalty rate is placed on an employer to force him to hire extra hands, to organize his work more efficiently, or failing that to pay the penalty. I doubt whether postal service will be improved. I doubt whether we can reduce our substitute needs. I can only see that this would result in a total cost increase.

Now as far as the postal employee is concerned, there is a serious question as to whether overtime after 8 hours in 1 day for substitutes will be a real benefit to the employees. The added cost will certainly cause us to consider employing additional part-time help. Instead of helping an employee interested in getting his maximum earnings in a short period of time, we might well be curbing him.

College students used on weekends, for example 12 hours on Saturday and 12 hours on Sunday, would be typical victims. If we must pay overtime then we would either employ new, probably temporary, persons or shift the work to our regulars, if at all possible. From the complaints we received, Mr. Chairman, this past year on our efforts to reduce work hours to a normalized 40 hours a week, I foresee thousands of complaints if we shut off a substitute's day after 8 hours. Many of them would not make 40 hours a week under such circumstances. And I think this is an important consideration about complaints from the clerical organizations that indicate to me that even now, due to certain provisions of the pay bill passed last year, some of our substitutes aren't making 40 hours a week. I think it is an important consideration.

I think the key point here, Mr. Chairman, is the fact that substitutes differ from regular employees in that they are on-call people, they have to work varying schedules, and it is really putting a severe scheduling problem on management, if we could not work an employee 9 or 10 hours a day, and the next day perhaps only 6—we agree thoroughly with the over 40 as being the basis for premium pay, we strongly advocated it last year and we are happy the committee enacted it, but I do think at this time there is a real question as to whether we should go further by providing overtime after 8 hours in 1 day for

substitutes. Not for the regular employees, because we have this already for the regular employees.

Prevailing practice emphasizes premium pay after 40 hours in a week. The situation is not nearly as clear as regards hours in excess of 8 in 1 day. The single, comprehensive Federal law on the subject is the Fair Labor Standards Act. That act covers all industries in interstate commerce. But, under that act the requirement is overtime after 40 hours in 1 week, not overtime after 8 hours in 1 day. The act was significant in that it nationalized the 5-day week, for simply emphasizing the 8-hour day did not help the employee who worked 6 days a week for 8 hours a day.

Further, even under the Fair Labor Standards Act there are millions of employed persons who are exempt from the 40-hour week provisions. Only 29 million out of the 69 million employed people at work in the United States are subject to the Fair Labor Standards Act. The results are these, as reported by Bureau of Labor Statistics in its more recent report:

First of all, 1 out of every 4 wage earners worked more than 41 hours a week.

Secondly, of those who worked more than 41 hours a week, only one-third received premium pay.

Third, those who usually work overtime and those who worked very long hours were least likely to receive premium pay.

Thus premium pay for overtime is not as common a practice as generally believed. As might be expected, the larger the company and the heavier the concentration in production work, the more likelihood the employees are covered by legislation and by good union contracts specifying overtime at premium rates.

Of 400 contracts reviewed by the Bureau of National Affairs, 90 percent specified time and one-half for overtime after 8 hours in 1 day. But we ought not to look at these contracts as appropriate comparisons with our substitutes. They should be compared to our regulars, who get overtime after 8 hours. Our substitutes are really a unique group. As a cadre of on-call personnel who work as workload demands, total weekly hours are far more meaningful for overtime purposes than daily hours.

We firmly believe that at this time the current premium pay arrangements for this group should stand. In this connection it is also worthwhile to note that the entire Classification Act is still structured around premium pay on a weekly, not a daily basis.

It is noted that Mr. Hanley's bill eliminates the present option to grant compensatory time off to supervisors in PFS-8 level and above for overtime work. The bill would make mandatory the payment of overtime compensation at the 150-percent rate. In this connection, the Bureau of Labor Statistics found that only one-third of the units covered in its study of supplementary compensation paid any amount for overtime work by "exempt," that is, supervisory, employees; the most common rate in these cases was straight time, rather than 150 percent.

The Post Office Department has used its present authority to pay overtime rates or to grant compensatory time off in a flexible manner. To illustrate, supervisory employees were given overtime pay for excess work during the Christmas period in 1965. The practice of



granting compensatory time off has thus been restricted to normal periods.

The present authority of the Post Office Department, which requires the payment of overtime compensation to supervisors in PFS-7 level or below, and provides optional pay or compensatory time in higher levels, is liberal by industry standards. We see no justification for further liberalization at this time.

From the above material, and you will note, Mr. Chairman, I have attempted to make my presentation as factual as possible, including occasionally a few statistics that may not always bolster my case, but given the information we have gotten from the Bureau of Labor Statistics and our own information these conclusions might be drawn:

1. Base pay: Average industrial earnings from 1961 through 1965 increased by 16½ percent, whereas statutory increases, in base pay alone, have totaled over 19 percent for postal employees during the same period. The President's recommendation of an increase in base schedules, averaging just under 2.9 percent for all pay systems, starting January 1, 1967, as a comparability pay adjustment, continues this favorable relationship.

2. Retirement and health insurance: The fringe benefits package being submitted to the Congress by the President is an extremely meritorious document. Postmaster General O'Brien had the privilege of serving on this Cabinet Committee on Retirement and concurring in the Committee's report. Enactment of the proposals in the package will improve significantly the total compensation value of Federal employment and will take care of many issues which have been long pending before this committee.

3. Overtime: Our rate for all employees is well within industrial practice. Providing substitutes with overtime after 8 hours in 1 day in addition to their assured overtime after 40 hours in 1 week is indeed, in my opinion, questionable at this time. The cost could be about \$19 million a year.

4. Holiday premium: On balance our present method of compensating for holidays "not worked" as well as "holidays worked" and paying Christmas at 150-percent extra meets prevailing conditions.

5. Weekend premium: There is hardly any evidence to support extra pay for Saturday work. Our 25-percent differential for Sunday work is definitely in line with what progressive employers now pay.

6. Premium compensation for supervisors: Our present system of "cash or comp" is clearly in line with industrial practice.

This discussion sums up the principal features of the proposals before this committee on postal pay and related benefits. It has been a privilege to discuss them with you and, as in the past, I look forward to working with the committee to improve employee benefits again this year. I am sure we have not covered all the points of interest to you; however, I will be glad to answer any questions the committee—which is one of the hardest working committees in the Congress, in my estimation—may have.

I have also included, Mr. Chairman, at the back here a pay chart which we were able to have drawn up, for the postal field service and—

Mr. UDALL. Without objection, the two schedules will appear in the record at this point.

(The schedules referred to are as follows:)

*Postal field service schedule*

PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1.....	\$4,170	\$4,310	\$4,450	\$4,590	\$4,730	\$4,870	\$5,010	\$5,150	\$5,290	\$5,430	\$5,570	\$5,710
2.....	4,520	4,670	4,820	4,970	5,120	5,270	5,420	5,570	5,720	5,870	6,020	6,170
3.....	4,890	5,055	5,220	5,385	5,550	5,715	5,880	6,045	6,210	6,375	6,540	6,705
4.....	5,305	5,480	5,655	5,830	6,005	6,180	6,355	6,530	6,705	6,880	7,055	7,230
5.....	5,670	5,860	6,050	6,240	6,430	6,620	6,810	7,000	7,190	7,380	7,570	7,760
6.....	6,075	6,280	6,485	6,690	6,895	7,100	7,305	7,510	7,715	7,920	8,125	8,330
7.....	6,505	6,725	6,945	7,165	7,385	7,605	7,825	8,045	8,265	8,485	8,705	-----
8.....	7,050	7,285	7,520	7,755	7,990	8,225	8,460	8,695	8,930	9,165	-----	-----
9.....	7,625	7,880	8,135	8,390	8,645	8,900	9,155	9,410	9,665	9,920	-----	-----
10.....	8,380	8,660	8,940	9,220	9,500	9,780	10,060	10,340	10,620	10,900	-----	-----
11.....	9,295	9,605	9,915	10,225	10,535	10,845	11,155	11,465	11,775	12,085	-----	-----
12.....	10,305	10,650	10,995	11,340	11,685	12,030	12,375	12,720	13,065	13,410	-----	-----
13.....	11,445	11,825	12,205	12,585	12,965	13,345	13,725	14,105	14,485	14,865	-----	-----
14.....	12,675	13,095	13,515	13,935	14,355	14,775	15,195	15,615	16,035	16,455	-----	-----
15.....	14,000	14,465	14,930	15,395	15,860	16,325	16,790	17,255	17,720	18,185	-----	-----
16.....	15,480	15,995	16,510	17,025	17,540	18,055	18,570	19,085	19,600	20,115	-----	-----
17.....	17,130	17,700	18,270	18,840	19,410	19,980	20,550	21,120	21,690	22,260	-----	-----
18.....	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065	-----	-----
19.....	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320	-----	-----	-----	-----
20.....	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----	-----	-----

*Rural carrier schedule*

	1	2	3	4	5	6	7	8	9	10	11	12
Carriers in rural delivery service:												
Fixed compensation per annum.....	\$2,365	\$2,480	\$2,595	\$2,710	\$2,825	\$2,940	\$3,055	\$3,170	\$3,285	\$3,400	\$3,515	\$3,630
Compensation per mile per annum for each mile up to 30 miles of route.....	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles.....	25	25	25	25	25	25	25	25	25	25	25	25

*4th-class office schedule*

Revenue units	1	2	3	4	5	6	7	8	9	10	11	12
30 but less than 36.....	\$3,985	\$4,120	\$4,255	\$4,390	\$4,525	\$4,660	\$4,795	\$4,930	\$5,065	\$5,200	\$5,335	\$5,470
24 but less than 30.....	3,680	3,805	3,930	4,055	4,180	4,305	4,430	4,555	4,680	4,805	4,930	5,055
18 but less than 24.....	3,055	3,155	3,255	3,355	3,455	3,555	3,655	3,755	3,855	3,955	4,055	4,155
12 but less than 18.....	2,385	2,465	2,545	2,625	2,705	2,785	2,865	2,945	3,025	3,105	3,185	3,265
6 but less than 12.....	1,725	1,780	1,835	1,890	1,945	2,000	2,055	2,110	2,165	2,220	2,275	2,330
Less than 6.....	1,390	1,435	1,480	1,525	1,570	1,615	1,660	1,705	1,750	1,795	1,840	1,885

Mr. UDALL. Mr. Murphy, I think you and your staff have, on short notice and under pressure, prepared a very comprehensive and helpful statement, and I thank you for it.

Mr. MURPHY. Thank you, sir.

Mr. UDALL. I was impressed with the summary of achievements in recent years which you outlined on pages 1 and 2. I think too often we become obsessed with the particular trees and it is good once in awhile to stand back and look at the forest and the changes that have occurred.



I think what this committee and the staff have done, as well as the attitude of the Department and the employee organizations in helping to bring about these major changes and steps forward in the postal and classified pay, is most commendable. When I think that we are adding the fine package put together this year, we have come a long way from the rather haphazard, behind-the-times, inadequate pay and benefit system that we had prior to 1960 or 1961.

I am looking forward to working on this legislation. I believe we can take pride in the steps that have been taken.

I have two specific points to raise. Under Public Law 68 of the 84th Congress, certain employees were transferred from the postal field service to GSA. These were largely maintenance and operations employees in certain post office buildings now handled by GSA. I understand that it is being proposed to provide that certain of these employees in large post office buildings be transferred from GSA to the postal field service. The staff advises me that some inequities which alarm me might occur.

For example let us compare two GSA employees. One now receives \$2.65 an hour and the other \$2.32 an hour. If these employees were to be transferred back to PFS, they would be reduced to \$2.13 an hour, one taking a reduction of over \$1,000 a year and the other nearly \$500 a year, as well as some reductions in life insurance and retirement allowances.

Would you have any suggestions or objections to amending Public Law 68 in order to give protection to the GSA employees who may be transferred to the postal field service as is now afforded the PFS employees who are transferred to GSA?

Mr. MURPHY. As you know, there is a law that provides that persons coming into the post offices—as distinct from the regional offices—have to enter at step 1. I would like to take a look at how many people might be involved and at the cost, but my off-the-top-of-my-head reaction is this would be something we would probably want to favor. I would want to take a look at the cost but certainly we would be sympathetic to this.

Mr. UDALL. I appreciate that. Perhaps we can correct this in writing this legislation.

At the bottom of page 10 of your statement, commenting on Mr. Olsen's bill, H.R. 12240, you indicate that the Department would have no objection of changing the maximum period of consecutive hours during which an employee may be worked in a day, from 12 to 15 hours. Would it be agreeable if this change were included in the legislation?

Mr. MURPHY. That is correct, Mr. Chairman.

Mr. UDALL. Is the change covered in the proposal or in the statement Mr. Macy made yesterday?

Mr. MURPHY. We have not put that in the form of a bill. That is in Mr. Olsen's bill and, as I have indicated, we'd go along with it.

Mr. UDALL. And you have no objection if it were put into this package?

Mr. MURPHY. That is correct.

Mr. UDALL. That is all I have except to commend the Department and the administration for coming forward the third consecutive year, as you noted, in actually making a pay proposal. We tend to forget that in past years, over the decades, the policy had been in some

administrations to simply wait for Congress to make a proposal then react. In 1962, one of the wisest things the Congress did was to require the administration to come forward each year with a suggested pay proposal and the administration has certainly cooperated with the spirit of that law. I am certainly happy that we are here to consider the 1966 proposal.

The gentleman from New Jersey, Mr. Daniels.

Mr. DANIELS. Mr. Chairman, I likewise want to join with you in commending Mr. Murphy and his staff for getting this fine statement together this morning. It is very illuminating, very comprehensive, and a great deal of work has been put in it. As you have stated, the Post Office Department has come a long way in liberalizing the benefits not only for the Post Office but for the field service and I think the Members of Congress share part of that credit.

Mr. MURPHY. A great deal of it.

Mr. DANIELS. Mr. Murphy, I note in the report of the President's Cabinet Committee that you appear as an alternate member of that panel.

Mr. MURPHY. That is correct.

Mr. DANIELS. Have you shared in the deliberations of the Committee that formulated this report?

Mr. MURPHY. Yes; I have.

Mr. DANIELS. Yesterday, Commissioner Macy testified that the dollar figures recommended by the Cabinet Committee to increase the health benefit contributions of the Government would be sufficient to pay 38 percent of the total cost. In view of the fact that more claims are processed and the cost of such services are increasing, will the Government continue to share that 38 percent of the cost?

Mr. MURPHY. I think the Chairman indicated yesterday that this is one thing over which we have little control, that we can expect the costs to keep going up. Health costs and medical care are going up all the time. For that reason he had indicated two steps we should take to try to bring the benefits up to what we had when the health benefit program was originally passed. I do not know what the further plans of the administration are beyond the 2-year target Mr. Macy set. That falls within the Civil Service Commission's jurisdiction. But I would think the administration would want to keep a very careful eye on trying to maintain a ratio around the 38 percent.

Mr. DANIELS. Originally when the program started, the Government's share was 38 percent?

Mr. MURPHY. That's right.

Mr. DANIELS. Would there be any objection to inserting in any law that we might enact that the Government share be 38 percent?

Mr. MURPHY. I would prefer, Mr. Daniels, that you direct that question to the Director of the Bureau of the Budget or Chairman Macy, because they are the two gentlemen who have the overall jurisdiction of giving definitively an administration answer. It goes beyond the Post Office alone.

Mr. DANIELS. I refer to page 9 of your statement, about the middle of the page, where reference is made to optional retirement after 30 years at age 55. Both you and Mr. Macy testified that the optional retirement should not be only at the selection of the employee, but the employer likewise be given the same privilege—but it will only



extend to the employee in the upper pay brackets. Why do you recommend it to the upper pay bracket?

Mr. MURPHY. The basic reason, Mr. Daniels, is that this is the area, frankly, in which decisions by an employee who is perhaps working under optimum capacity have the most direct effect. These are the top management positions, the positions which in most cases are limited in number and in some cases one of a kind. Therefore, there may not be other jobs suitable to which the man may be transferred, and the man has worked long, he has done a good and honorable job and the management is extremely reluctant to take this decision. That is a blot on his career and, frankly, it takes a pretty cold individual in many cases to have to make decisions of that type. That is the reason we feel that we ought to in these cases have the option of being able to retire a man without it being adverse, and that is what you are forced to do under today's rules and regulations.

We say this is limited to GS-13 and higher. We don't have a great problem, for example, with a clerk or a letter carrier, PFS-4, who perhaps is getting up in years and may not be producing at the same rate of 20 years ago. We now make allowance for age and what have you, but they don't have this direct effect on the system as say a GS-17 or 18 who may be in declining years and may not be producing at full capacity. And management is confronted with what to do about this job. Do you transfer him to another job? Do you propose adverse charges? The man has had an honorable career. I am not in favor of that action.

So that is why we say, and most Federal personnel directors in the Government—I can't emphasize that too much—say that we have to have some management option in the upper levels, and one of the purposes of the retirement system is—as well as providing benefits for employees in their older years—to help management to do its job better.

Mr. DANIELS. Mr. Murphy I don't disagree with your views. I might be inclined to agree with you. I want to know the thinking behind that statement because it was not amplified.

Mr. MURPHY. I appreciate that and I am grateful for your asking that question.

Mr. DANIELS. The Cabinet Committee report recommends that the Government share the cost of retirement on an equal basis. Have you any idea on the 50-50 sharing of retirement as a problem?

Mr. MURPHY. I will say this, in the public testimony before the Cabinet Committee, and we held hearings for several days and heard from a wide range of people, we heard from virtually all the fine postal groups and a number of other employee organizations, almost all the groups testified—and this amazed me somewhat—that they believed in the contributory principle, and indicated they would be in favor of an increase in employee contribution if there were to be increased benefits and if the Government were to meet its share of the contribution—this is an important “if.” One of the amazing things was that virtually all the organizations indicated that they believed in the contributory principle. There was only one organization that testified that said they didn't believe retirement ought to be contributory on the part of management and the employee. Virtually all the organizations indicated they would actually go along with

an increase in employee contribution provided the Government began to make sensible plans for financing of retirement—an essential point.

In other words, it would be fair to ask the employees to increase their share if the Government is going to be making a contribution or taking steps to properly finance the system. Now why 50 percent as opposed to 40 or something else, I am not really qualified to give a definitive answer.

Mr. DANIELS. The employee 66⅔ and the Government 33⅓.

Mr. MURPHY. That's the insurance program, but on retirement it's 50-50, it's 6½ percent and 6½ percent. The President's proposal would raise each a half percent on January 1, 1967, to 7.

Mr. DANIELS. With reference to my initial bill, is there any strong objection by the administration that after retirement that the reduction in the coverage, at the rate, under the present law, of 2 percent a month down to 25 percent of the principal sum of the policy, be reduced to the rate of 1 percent a month to 50 percent of the principal sum? There is no comment in your testimony or in Mr. Macy's testimony on that point. Do you approve of what I recommend?

Mr. MURPHY. You are quite correct that there is no comment in the President's message on this particular point. I think the Chairman did have something to say about that yesterday when he appeared before you and indicated the administration is willing to go along with extending the upper limit of the insurance provisions, with a maximum permissible limit and some provisions for financing. I think he also indicated in response to your questions that they'd be taking a further look at it.

I would ask, sir, and I don't want to appear to be ducking that particular question, but it is once again an issue that goes beyond the postal area, sir, and I would like you to direct those questions to either Chairman Macy or Mr. Schultze.

Mr. DANIELS. In view of the pay legislation, retirement legislation, and all the other fringes in one package, I thought we ought to have the administration view very, very precise on that.

Mr. MURPHY. I think Mr. Schultze will have something further to say about that.

Mr. DANIELS. Thank you.

Mr. UDALL. The gentleman from Alabama, Mr. Buchanan.

Mr. BUCHANAN. Thank you, Mr. Chairman.

Mr. Murphy, I would like to join in congratulating and thanking you for this comprehensive report.

Mr. MURPHY. Thank you.

Mr. BUCHANAN. You mentioned provisions of last year's pay bill which have caused substitutes in certain instances to make the 40 hours. Would you mind elucidating?

Mr. MURPHY. One of the problems, Mr. Buchanan, is the fact that the bill last time contained the provision which said no employee can be worked over longer than a 12-hour span. Because of peakload problems sometimes there is work available early in the morning and work available late in the evening, but if a man starts at 7 o'clock in the morning even though he only works 2 hours during the day he cannot work after 7 o'clock in the evening. That has resulted in certain cases in our having to reduce the hours certain substitutes were working. Mr. Swygert can elucidate on it a little more. I think that is the reason for the suggested change in Mr. Olsen's bill.



Mr. BUCHANAN. Is there anything that Mr. Olsen's provision would not satisfy or do to contribute to this?

Mr. MURPHY. I think Mr. Olsen's provision would be very good from our point of view. Mr. Swygert could discuss it from the operations point of view.

Mr. SWYGERT. There are two points to look at as it pertains to this. One, I think the 12-hour provision was put into the law last year to eliminate some abuse in the larger post offices as substitute employees were being utilized in these post offices. So the intent of the 12-hour rule was good and valid to eliminate some abuse in the scheduling of these employees. At the same time, it has served to the detriment of some employees in the smaller post offices. These were post offices that have a peakload usually from 5 o'clock in the morning until about 8. Likewise they have the same people over in the evening. And I can cite any number of post offices. One had six substitutes in the clerical and these six substitutes were working from 5 to 8 every morning and they were likewise working each evening and as a result they made about 40 hours. As a result of this law we can only utilize them during one of these periods, so these employees are only making about 18 hours a week as a result of this, and we have had to add six employees to this particular office.

Now this is multiplied many times over the country. While I have cited one exact example, this is multiplied because there are hundreds of offices just like the one I have mentioned.

We have also gone into these offices to try to reschedule regular employees to reduce or eliminate the need for these part-time employees in the morning and in the evening. In some cases we have been able to overcome it but not in all. So it is a very real problem. And yet I am not critical of the provision of the law, which certainly was put in to eliminate abuses in some of the other offices.

Mr. BUCHANAN. I have not been unaware that the problem existed and I would rather agree this was not part of the intent of Congress, in my judgment, or this committee, to create this situation. But I wanted to make certain in your judgment Mr. Olsen's provision would be sufficient to in the main solve this problem, that there is nothing else we needed to do.

Mr. MURPHY. I do want to emphasize what John has said here. We do not believe that the provision that no employee should be worked more than 12 hours a day should be changed. That is sound and good progressive social policy. I do believe the point Mr. Olsen is talking about, and the point we would go along with—is what Mr. Swygert explained, that is the limitation of the 12-hour span—which results in only 2 or 3 hours' work a day for some employees and they are prohibited from working beyond. It was well intended but the way it worked out has caused problems and we have gotten complaints and I am sure you have, too.

Mr. UDALL. The gentlemen from New Jersey, Mr. Krebs.

Mr. KREBS. Mr. Chairman, I feel compelled to say that in view of the testimony contained in Mr. Murphy's statement I believe we ought to be protected in the right to confront Mr. Murphy at some future time. It is impossible for me to assimilate these 22 pages of testimony in this short period.

Mr. UDALL. If the gentleman will yield, there is no intention to restrict the very diligent member, who knows the high esteem I have for him. I don't think anyone was attempting to prevent discussion.

The Chair's philosophy is we have to have a start on this and until we have heard from Mr. Macy and the Post Office Department, we can't begin and the gentleman will be fully protected to make any inquiries before we begin to write a bill.

Mr. MURPHY. I would be delighted to appear any time.

Mr. KREBS. I thank the Chairman and Mr. Murphy, and I am sure it isn't necessary to say that the feeling is mutual.

I want to thank you also for the amount of effort you put in your testimony and for coming here to give it to us. I do have a few questions.

First of all, I saw you sitting in the audience yesterday while I was questioning Mr. Macy and I want to say my economic viewpoint hasn't changed very much since yesterday afternoon. I still feel that way and I ask you how you feel about the points I made to him yesterday?

Mr. MURPHY. I feel this way, Mr. Krebs: I think the President is trying diligently to try to prevent growth of inflation in this country which would have an adverse effect on the real earnings of the rank-and-file people. In addition, he is trying to finance a serious situation in Vietnam in an attempt to win an honorable and decent peace. It's a costly affair.

At the same time he is attempting to finance many of what I consider to be essential items of the Great Society, and at the same time to take progressive steps for on-going programs of the Government, to expand them within that framework with all the problems we have to face.

He has made repeated appeals to industry and labor to try to exercise restraint. He has taken rather drastic action in regard to aluminum and copper and a few other industries where they have suggested price increases not in the national interest, and I think he has attempted to apply the guidelines in both prices and wages, so I don't think it's a one-sided——

Mr. KREBS. May I ask this: Do I have a 10-minute limit?

Mr. UDALL. We are applying the 10-minute limit. However, in view of the attendance, I think there will be opportunity for seconds. The chairman had reserved for himself 4 minutes and I now yield you those 4 minutes.

Mr. KREBS. Thank you.

I agree we ought to be on guard against the threat of inflation. Other needs we didn't agree on. The Great Society is something I voted on in the 89th Congress and I am proud of my record. I don't believe you can adequately control inflation and finance the Vietnam situation by imposing a 3.2 limitation in increase on direct wages and fringe benefits of the Federal service worker, and at the same time allow corporations like General Motors to increase their profits for the last quarter of 1965 over 1964 by 65 percent—or Ford by 61—nor the dividends paid to stockholders. Pick up the Wall Street Journal or Washington Post and every day there are pronouncements about recordmaking dividends paid to stockholders after taxes. I want to say to you the figures for these corporations are after taxes.

It seems to me if we have inflation hovering over our heads we ought to take complete and comprehensive steps to cope with it. I ask you if you agree or disagree with my notion that you can't control



inflation by limiting the increase to the Federal civil service employees and not dealing with the other aspects of our economy?

Mr. MURPHY. I think you have to deal with all aspects, and I think the President is in agreement, that is his philosophy, he's been attempting to do this, and I think in expert fashion. Generally when he takes action they say we ought to control others.

Mr. KREBS. I say what we ought to do is sit down and discuss it, work out planning that applies to the whole problem, invoke it simultaneously, and not limit civil service employees to 3.2 increase, but in toto. On the question of Vietnam no one would argue for a minute. We are all willing to make sacrifices. We should all make them but I don't believe that is being done where the overwhelming majority are enjoying the fruits of our great wealth and the productivity of this country.

Also, you made one point I would like to address myself to. You referred to continuous process industries. It is your sincere conviction the post office is a continuous process industry?

Mr. MURPHY. Yes, sir. We attempted to give our viewpoint on that last year when testifying on questions of overtime. We showed that certainly that is the case of Saturday, and on Sunday I believe our work force is about 20 percent.

Mr. KREBS. My office is in the Federal Building in Newark, N.J., and the post office is on the first and second and probably the third floor. I tried to buy a postage stamp on several Saturdays at 12:05 p.m., and nobody was available. I have tried to send registered letters and no one was available and I had to drive to 33d and 8th Avenue in New York to send a registered letter.

Are you trying to compare this with the fire department or police department or perhaps a hospital where they work 24 hours a day 7 days a week? I am not asking that you agree we call a continuous process industry one where a fellow takes care of the boiler, for example, and he works 7 days a week. Do you honestly want us to believe that you are telling this committee that the overwhelming number work around the clock 7 days a week?

Mr. MURPHY. Sixty-six and two-thirds percent work on Saturday.

Mr. KREBS. How long?

Mr. MURPHY. I ask permission to supply that for the record.

Mr. KREBS. Where were they when I went there, I would like to know?

Mr. MURPHY. Probably on RPO cars, working in the terminal facility, or working the routes.

Mr. KREBS. I wish you would supply the official records. I am sure they would be enlightening because I haven't seen the workers there, and I go into the back of the building to get to the parking lot.

I remember the schedule for years for picking up mail. I have worked across the country, and there is not nearly as much pickup on Saturday or Sunday as Monday through Friday.

Mr. MURPHY. No question about that.

Mr. KREBS. And I put letters in the mailbox on Sunday that have laid there until Monday, because they are postmarked on Monday, the cancellation date. I think it would be good to submit that information. I would appreciate that.

Mr. UDALL. Without objection, it will appear at this point.

(The material referred to follows:)

## PARTICIPATION OF WORK FORCE IN MAIL ACTIVITIES ON SATURDAYS AND SUNDAYS

1. Clerks and mail handlers on 8-hour tours: 66 percent on Saturday; 25 percent on Sunday.

2. Letter carriers on 8-hour tours: 80 percent on Saturday; 3 percent on Sunday.

Mr. KREBS. You also use a yardstick on page 14 of your testimony that I can't agree with. You refer to a study that you used for comparative purposes, "Supplementary Compensation for Non-production Workers."

Is it your belief that the Post Office workers in the full sense are not manual or productive workers as distinguished from office and clerical workers? That is what the distinction really is.

Mr. MURPHY. I think we used varying figures. In some cases we used—on page 5 I think we did—production workers.

Mr. KREBS. I am talking about this specific authority you are quoting here. It is my honest judgment in large measure postal workers are truly productive or manual.

Mr. MURPHY. I think they are more so than any other type in the Federal Government.

Mr. KREBS. When we compare wages or benefits with other non-production we are not making a fair equity comparison.

Mr. MURPHY. As to white-collar workers, they are sort of in between—

Mr. KREBS. You mean to tell me that the men on trucks, or the ones who sort, or deliver, or the fellows who take care of registered delivery, are white-collar workers?

Mr. MURPHY. I will say our people have always felt themselves above the blue collar and I would fully agree in terms of level of responsibility and knowledge required for the job, so I don't think it is fair to say that for this single purpose they are production workers.

Mr. KREBS. This is not an attempt to demean the importance of the work they do. I am reminded of a friend of mine, an aircraft mechanic. He has an A. & E. license issued by the Government, lots of skill and training, but he doesn't consider himself white collar. He is blue collar. And there are tool and die people, for example, and nobody looks down their noses at them, and I don't think they do at the postal workers.

Mr. MURPHY. This goes back to the old problem of comparability, what the postal worker is equal to. I think we have arrived at the conclusion they are unique, they are not equal to anything else in private industry and for that reason we don't equate them with production or nonproduction.

Mr. KREBS. Why did you use studies that deal with the lowest element?

Mr. MURPHY. I didn't. Look on page 5.

Mr. KREBS. Page 5 is one of the pages I intend to ask about later. I was delayed in arriving and you were up to page 5 when I got here, but I will get to it.

You also deal with the Fair Labor Standards Act. Do you know you have to be engaged as an industry in interstate commerce before you come within its purview, and don't you think that changes the import of the figures you use in your testimony that only 29 million workers are covered by the Fair Labor Standards Act?

Mr. MURPHY. As a matter of fact, my—



Mr. KREBS. I don't mean to be impolite and interrupt, but when you come in here and say workers enjoying benefits under the act, the 29 million out of 69 million cases, this is not so broadly prevalent as one may think. I think you should say in order to make this equity presentation support your point of view that this is partly due to the fact that under the lack of authority of the Federal Government to legislate for strictly intrastate, like the service employees who constitute the largest part of the 69 million workers are workers not involved within the meaning of interstate commerce, within the meaning of the act. So I think you ought to point out the significance of this 29 million enjoying certain benefits is not nearly so important as one might gather—do you agree?

Mr. MURPHY. I think that the law, the Davis-Bacon, Walsh-Healey, the Classification Act, what have you, all clearly provide—

Mr. KREBS. But again these are only applicable to workers involved in interstate commerce, and the overwhelming number are not involved in interstate commerce and therefore not entitled to come under this law. This is what you have to put on the record. That's why I now ask you to say you used statistics to bolster your argument—but you used them anyway.

Mr. MURPHY. Not at all. I have to say on balance.

Mr. KREBS. Well, OK. Page 19 of your statement, according to the Bureau of National Affairs, 90 percent specified certain things, but you went on to dismiss it as not being germane to invoke here.

Mr. MURPHY. The reason is, I would have no hesitancy in equating our regular with the employees in BNA's study, but I say there is a difference between the regular employee and substitute. The substitute, in meeting peak loads, has to be in the nature of an on-call employee. To restrict management to paying substitutes overtime over 8 hours in a day, when frequently we have to work them 9 or 10, is overly restricting the flexibility which we need.

Mr. KREBS. I have a diametrically opposite point of view. It seems to me because they only work part time and because they don't enjoy the fruits of a full week's pay and enjoy all the benefits, this ought to be added reason for giving them the same conditions as people who work on a full-time schedule. It seems to me that the question of morale is something that you have not mentioned in your testimony—I am sure you haven't overlooked it—but do you think it makes for more harmony and productivity in the shop to be paying one group for work in compensation of 8 hours and not the other, when they are doing the same precise work? I think this is the yardstick to be applied.

Mr. MURPHY. I think in terms of the essential nature of the subs that over 40 hours in the week is the most meaningful standard for overtime pay and what you are actually proposing might actually end up reducing the hours worked because management, if they are going to have a choice of working a man at his premium rate or using someone else is generally going to take the second option. Because of the uneven nature of the sub's daily workload, if he doesn't get to work 10 hours some days, he is probably going to be sure to be worked less than 40 hours a week—and the very people you are trying to help are going to end up being hurt.

Mr. KREBS. This is true and only confirms my point, that the philosophy of the employment policy of the Post Office prevails in

this case. If you changed the philosophy and didn't lay them off and they work less than the needed number of hours to avoid paying premium benefits you wouldn't have this problem.

I might say it might be advisable to start using substitutes to provide the labor that you need and not to pay one group overtime to avoid paying another overtime. I think if you put the emphasis on that aspect you would eliminate a lot of the problem.

Mr. MURPHY. We are working a lot of substitutes overtime hours right now. Mr. Swygert can testify to that. We do pay quite a bit of overtime to regular employees. As a matter of fact, we caught a little of the dickens about paying as much overtime as we do. We know in many cases it's cheaper to have the Post Office in the long run working a regular employee and paying overtime than having an inexperienced employee doing it at straight time. This varies from post office to post office and employee to employee. I agree in many cases it is cheaper to work a regular employee and pay overtime.

Mr. KREBS. Let me ask you one closing question. Do you believe that the services the substitutes provide for their  $x$  dollars and cents an hour are any less valuable and any less important than the services provided by the regular employee?

Mr. MURPHY. I think all are extremely important.

Mr. KREBS. Does one work harder?

Mr. MURPHY. One may work less efficiently. I think the regular employee is, generally speaking, more efficient and that is the reason I made my comment.

Mr. KREBS. To try to get—what is it, 600,000 employees in the Post Office?

Mr. MURPHY. About 630,000.

Mr. KREBS. To try to get work equally efficiently is like the State legislatures to try to reapportion the congressional districts in any State. You can't with absolute equity redistribute any districts in the State.

I have no further questions.

Mr. UDALL. The gentleman from Michigan, Mr. Clevenger.

Mr. CLEVINGER. Mr. Chairman, I would be happy to loan my time to my colleague if he wants to ask more questions. He has more difficulty, apparently, with postal people in New Jersey than I have in Michigan. At 5 after 12 on Saturday there is a little back door that you knock on and you can buy a stamp and you can even get a cup of coffee. [Laughter.]

Mr. Murphy has presented an excellent statement and has pointed out the great difficulties they have.

I have no questions.

Mr. UDALL. Any further questions? If not, the chairman will ask unanimous consent that a letter from Chairman Macy, dated March 7, directed to Chairman Murray of the full committee commenting on some bills before us appear in the record at this point.

Without objection, it is so ordered.

(The letter referred to follows:)



U.S. CIVIL SERVICE COMMISSION,  
Washington, D.C., March 7, 1966.

Hon. TOM MURRAY,  
*Chairman, Committee on Post Office and Civil Service,  
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further response to your request for the Commission's views on H.R. 12094, H.R. 12326, H.R. 12489, H.R. 12240, H.R. 12288, H.R. 12838, and H.R. 12924, to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes.

The Commission opposes enactment of these bills. The following comments are confined to the principal provisions of all the bills for a general 7-percent Federal salary increase.

There are certain minor discrepancies in the pay schedules of these bills. H.R. 12838 differs from the others in proposing higher rates for level PFS-6 and all the levels above 6 in the postal field service schedule. The bills also propose a variety of increases in rates of premium pay for postal employees which do not appear warranted.

The Commission's overriding concern, however, is with the general proposition of an across-the-board 7-percent Federal pay raise. An increase of this nature would be contrary to the statutory policy for Federal salary levels. It would also be in excess of the 1966 wage guidepost.

The Federal Salary Reform Act of 1962 establishes two principles for Federal statutory salary schedules:

Equal pay for substantially equal work, and pay distinctions appropriately reflecting work and performance distinctions.

Salary rates comparable to those in private enterprise for the same levels of work.

The act further specifies that Bureau of Labor Statistics surveys are to provide the factual information about salary rates in private firms necessary for maintaining Federal salary schedules comparable with private enterprise pay.

Comparisons of current Federal salaries with the latest Bureau of Labor Statistics survey findings released in November 1965 show that greater salary increases at the upper Federal grades than at the lower grades are necessary to make fully effective the statutory comparability principle. The specific increases that would be needed for this purpose range from none at all at grades GS-1 to 20.1 percent at GS-18. Other examples of the increases called for are 2.4 percent at GS-5 and 9.2 percent at GS-11. Thus a 7-percent across-the-board increase is more than is necessary at the lower grades and less than is necessary at the upper grades to carry out in full the policy of Federal series equivalent to pay levels in the private economy.

In the interest of maintaining stability the Council of Economic Advisers established a rate of 3.2 percent as the 1966 guidepost for noninflationary increases in compensation. The President's Economic Report stated that Federal actions should conform to this guidepost.

The Commission recommends against enactment of these bills, and urges instead prompt enactment of the President's 1966 proposals to Congress for increases in statutory salary schedules coordinated with improvements in the civil service retirement system and in health benefits.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

Mr. UDALL. The next meeting of this subcommittee will be at 10 o'clock tomorrow morning in room 346 where we met yesterday. The subcommittee will stand adjourned until then.

(Thereupon, at 11:25 the subcommittee was adjourned, to reconvene at 10 a.m., Wednesday, March 9, 1966, in room 346, Cannon Building.)





## FEDERAL SALARIES AND FRINGE BENEFITS

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WEDNESDAY, MARCH 9, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10 a.m., in room 215, Cannon Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order for the further consideration of legislation relating to Federal salaries and fringe benefits.

We reserved this morning for the testimony of Mr. Jerome J. Keating, president of the National Association of Letter Carriers.

Mr. Keating, we are happy to have you here with your fine staff and officers. I assume you will identify them as we go along.

Mr. KEATING. Thank you, Mr. Chairman.

To my right is James H. Rademacher, vice president of the National Association of Letter Carriers; next to him is J. Stanly Lewis, our secretary-treasurer; next to him is George Bang, our director of life insurance; and at the end of the table is James P. Deely, director of health insurance. On my left is J. Don Kerlin, who is legislative consultant; and at the end of the table is C. N. Coyle, assistant secretary-treasurer.

Mr. UDALL. The subcommittee welcomes all of you, gentlemen.

### STATEMENT OF JEROME J. KEATING, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS

Mr. KEATING. Mr. Chairman and members of the subcommittee, my name is Jerome J. Keating. I am president of the National Association of Letter Carriers, an organization representing 180,000 letter carriers located in every State of the Union, the District of Columbia, and Puerto Rico. I am accompanied this morning by James J. Rademacher, vice president; J. Stanly Lewis, secretary-treasurer; Charles N. Coyle, assistant secretary-treasurer; George A. Bang, director of life insurance; James P. Deely, director of health insurance; and J. Don Kerlin, legislative consultant.

We are pleased to have this opportunity to testify on the pending pay legislation. We want to extend our thanks to Mr. Udall for promptly scheduling hearings on this most important subject.

We also want to express our thanks to President Lyndon Johnson for maintaining the principle of annual pay recommendations. This is the most important provision of the 1962 law. Indeed, it is because we have not had annual increases in the past that we are behind at the present time.

We want to express our thanks to Congressmen Arnold Olsen, Dominick Daniels, Glenn Cunningham, Paul Krebs, and James Hanley, of this committee for introducing legislation on this most important subject. Congressmen William Randall and Henry Helstoski have also introduced bills for pay increases; we are most grateful to them for this action.

Practically all of the bills introduced call for a 7-percent pay increase. We believe that a 7-percent pay increase is fully justified at this time.

There are different provisions on other matters in the bills that have been introduced, particularly in overtime provisions. Most of the bills call for overtime for postal substitutes after 8 hours' work—this we favor. The Cunningham bill carries the provisions of the so-called Dulski amendment—this, too, has our hearty endorsement. The one point on which all sponsors agreed was that a pay increase was necessary.

Meeting at Bal Harbour, Fla., on February 25, 1966, the Executive Council of the AFL-CIO issued the following statement:

The AFL-CIO Executive Council firmly believes that the Federal Government, the largest single employer in the Nation, must make certain its employees enjoy every economic and social advance our country makes.

Nearly a million of these workers are members of the AFL-CIO, with the right to bargain on matters other than salaries and fringe benefits. But these unions cannot bargain on wages, so the importance of Government proposals for improvements in salaries and other benefits has more than ordinary significance.

We are concerned over the failure of the administration to propose to Congress measures to achieve full, current comparability between private industry and Federal Government salaries paid postal and other Federal workers. We reaffirm this position as pronounced by President Meany on April 14, 1965, as a member the President's Special Panel on Federal Salaries.

The policy of comparability between Federal and private industry rates remains only a promise; it must become a reality.

With this we are in hearty agreement. In our efforts to secure proper pay adjustments, we have met with many obstacles. In the past we have encountered Presidential vetoes, and delays of many sorts. Since 1962 we have labored under a comparability system that does not provide proper comparability for letter carriers—and, in addition to the restrictions of an inadequate comparability, we now have binds imposed by the guidelines.

An excerpt from the Annual Report of the Council of Economic Advisers, January 1963, titled "Guideposts for Noninflationary Wage and Price Behavior" reads in part as follows:

\* \* \* These guideposts were designed to provide standards for evaluating these price and wage decisions where the public has an interest in their content and consequences. They cannot, and should not, replace the normal processes of free private decisions and negotiations.

As the margin of unemployed labor and idle capital narrows, and as markets for goods and services become tighter, the guideposts will gain in importance. They are restated here in the belief that an enlightened public understanding of the nature and causes of inflation would be an additional force minimizing any inflationary threats in the years ahead.

The guideposts themselves involve general guides for noninflationary wage and price behavior, subject, in each case, to a number of important and specific qualifications required by the objectives of equity and efficiency.

The general guide for wages is that "the rate of increase in wage rates (including fringe benefits) in each industry be equal to the trend rate of overall productivity increase."

Under these conditions the gain from increases in productivity throughout the economy would be shared between wage and nonwage incomes by allowing each to grow at the same percentage rate. Each sector of economic life would share in the gains of advancing productivity.



The AFL-CIO Executive Council, meeting at Bal Harbour, Fla., on February 26, 1966, had the following to say on "The Wage Guideline."

Organized labor has consistently opposed the Government's wage guideline policy as unfair and unworkable. The President's Council of Economic Advisers has now provided an additional reason for opposition.

By discarding its own rules for calculating the wage guideline, in a flagrant effort to keep it low, the Council of Economic Advisers has destroyed the guideline's credibility, has helped to accelerate the shift of incomes away from wage and salary earners to other groups in the economy, and has added to imbalances that can undermine healthy economic growth. Neither trade unionists nor members of the public at large can be expected to accept such a one-sided shift in the method of arriving at the guideline figure.

We do not believe that price stability is a top priority goal to which workers' equity must be sacrificed.

In 3 of the past 4 years of the Government's wage guideline, the actual rise of productivity in the private economy was substantially greater than the guideline for wages. To permit the guideline to rise to 3.6 percent this year—as the Council of Economic Advisers' own rules would have required—would merely partly offset the wage deficits in the years from 1962 through 1964, when the guideline was substantially below the rise of productivity. By discarding its rules now, in order to maintain a 3.2-percent figure, the Council of Economic Advisers has clearly violated any standard of equity.

There are built-in restraints in the determination of wages that are not present in other economic factors. In unorganized companies, wages are set unilaterally by the employer. Where employees are represented by unions, wages are determined jointly, through collective bargaining, with the restraint of employer resistance. In addition, millions of employees in major industries are covered by long-term agreements, that provide extensive periods of time before they are subject to renegotiation. On the other hand, prices in several key industries are effectively set by a few top executives of the dominant corporations and in many other industries, prices respond to immediate market opportunities, with little if any regard for costs.

Moreover, there is no evidence of general wage-cost pressures on the price level. In his recent Economic Report, the President stated that unit labor costs in the national economy "have barely moved as gains in productivity have largely offset moderate increases in hourly labor costs." In addition, in the key manufacturing sector, unit labor costs have been in a declining trend since 1960 and the Economic Report shows that such costs declined eight-tenths of 1 percent last year.

Despite this record of relatively stable unit labor costs in the economy as a whole and declining costs of labor per unit in manufacturing, the level of consumer prices has risen over 1 percent per year in recent years—washing out part of the value of wage and salary gains. But the wage guideline takes no account of the rise in living costs, a factor of major importance to workers.

By not taking increased living costs into account, the CEA has further short-changed the workers since a 3.2 percent guideline increase does not translate into a 3.2 percent increase in buying power.

During the past 10 years, the buying power of wages has lagged behind the rise of the economy's productivity. From 1960 to 1965, for example, when output per man-hour in the total private economy rose at an average yearly rate of 3.6 percent, the buying power of employee compensation per hour, in the private economy increased only 2.9 percent per year. This lag reveals a continuing shift of income, away from wage and salary earners to other groups in the economy.

While workers' buying power has been lagging behind the increase of productivity, profits and dividends have been rising, much faster than employee compensation. In 1965, for example, corporate profits rose 15 percent before taxes and 20 percent after taxes, more than twice as fast as total wage and salary payments. Last year, General Motors' profits reached a spectacular \$2.1 billion after taxes, up 23 percent from 1964. However, there are no Government guidelines for profits or dividends.

The economy needs a rapid restoration of balance between business profits and workers' buying power, rather than an increasingly unbalanced lag of wages and salaries behind profits and dividends.

Only through such a restoration can we insure the Nation's ability to purchase the goods and services of our rapidly expanding productive capacity.

This is the statement of AFL-CIO to which we entirely agree on the subject of guidelines.

We, too, agree that industries, whether private or governmental, where guidelines are effective, suffer in comparison to other workers and to other segments of the economy.

Business Week, commenting on statements made by the Nation's leading economists, included the following statement of Leon Keyserling, formerly economic adviser of President Truman. In this quote he was referring to the tax reductions:

"The cuts," said Keyserling, now president of the Conference on Economic Progress, were "improperly designed structurally, because they did not put the additional purchasing power where most needed." He was similarly scathing about wage-price guideposts, which "have been stacked to feed the fat and starve the lean." He would have preferred an excess profits tax.

The rate of Government pay increases has lagged behind industry for a great many years. The industry pay increases are slow; the Government pay increases are slower. We have constantly been compelled to settle for lesser amounts than those we have been able to justify.

Last year we received a 3.6 percent pay increase. Others received more. The clipping from the Milwaukee Journal tells a story of those who fared well.

#### UNITED STATES POINTS TO BIG WAGE BOOSTS HERE

The Labor Department, in its campaign for restraint in wage increases, reported Thursday that electricians' wages rose 7.8 percent and plumbers' 5.7 percent in the Milwaukee area last year.

The same increases had been reported earlier in cents per hour, but this was the first time that percentages for this area had been pointed out by the Department's Bureau of Labor Statistics.

They refer to the 16 wage settlements with raises ranging between 5.1 and 8.3 percent. None of these were in Milwaukee, but there are many wage increases that were way above the pay increases Government people have received.

We have a chart here on the easel. You probably can't read it, but you have a print of it. You will see that these are the annual rate increases of wage scales and benefits in selected major building trades settlements in 1965.

These are taken from BLS statistics. Philadelphia carpenters got 4.3, Chicago carpenters 5.1, Chicago sheetmetal workers 5.2, eastern Washington and northern Idaho carpenters 5.3, and so on, until you get up to northern California laborers, 7.8 percent. A great many of the laborers who formerly were one of the relatively lower paid groups in most of the metropolitan areas of the country, they are paid more than letter carriers today. It wasn't always thus, but that is the situation now.

Mr. UDALL. Mr. Keating, the Chair notices in your statement there are several of these charts and clippings referred to, and I notice that you have not read them verbatim or each entry therein. The Chair would ask unanimous consent that the clipping and the chart in each case appear in the record in full as part of Mr. Keating's testimony.

Without objection, so ordered.



Mr. KEATING. Thank you, Mr. Chairman.  
(The newspaper clipping and table are as follows:)

[From the Milwaukee Journal, Feb. 24, 1966]

#### UNITED STATES POINTS TO BIG WAGE BOOSTS HERE

The Labor Department, in its campaign for restraint in wage increases, reported Thursday that electricians' wages rose 7.8 percent and plumbers' 5.7 percent in the Milwaukee area last year. The same increases had been reported earlier in cents per hour, but this was the first time that percentages for this area had been pointed out by the Department's Bureau of Labor Statistics.

The Department has irked organized labor, particularly the building trade unions, by urging it to hold wage boosts within the Johnson administration's wage-price formula of 3.2 percent a year.

The administration started its publicity campaign against larger increases in the building trades earlier this year by singling out 16 wage settlements with raises between 5.1 and 8.3 percent. None of those was in Milwaukee.

A spokesman for the Bureau of Labor Statistics said in Chicago Thursday that percentages would be used hereafter in all of the Bureau's quarterly reports on construction wage increases.

The report issued Friday noted that the raises brought Milwaukee electricians to \$4.60 an hour and plumbers to \$4.62. Building laborers got a 4.5 percent increase to \$3.48 an hour, painters 3.9 percent to \$4.01, plasterers 3.6 percent to \$4.27, carpenters 3.6 percent to \$4.26, and bricklayers 2.3 to \$4.46.

Many construction unions will negotiate new labor contracts this year. Most agreements in the Milwaukee area expire May 31.

#### *Annual rate of increase in wage scales and benefits in selected major building trades settlements, 1965*

Situation	Annual rate of increase (percent)	
	1965 settlements	Previous settlement in same situations
Philadelphia carpenters.....	4.3	3.8
Chicago carpenters.....	5.1	3.9
Chicago sheet metal workers.....	5.2	4.4
Eastern Washington and Northern Idaho carpenters.....	5.3	4.7
Western Washington building laborers.....	5.4	4.3
Southern California carpenters.....	5.4	4.5
Western Washington carpenters.....	5.4	5.0
Southern California cement masons.....	5.6	4.7
Southern California operating engineers.....	5.7	5.1
Chicago laborers.....	5.7	5.6
Southern California building laborers.....	5.8	3.4
San Francisco Bay area carpenters.....	6.8	6.4
Oregon and southwestern Washington carpenters.....	6.9	4.9
Northern California laborers.....	7.8	6.3
Oregon laborers.....	8.0	4.0
Northern California carpenters.....	8.3	5.4

Mr. KEATING. In a statement submitted to the Joint Economic Committee of the U.S. Congress, Arthur M. Ross, Commissioner, Bureau of Labor Statistics, supplied the following information:

The report discusses numerous measures of compensation and attempts to show how they are related. For contracts negotiated during 1965, wage increases scheduled to go into effect within 12 months from the date of settlement averaged 3.9 percent. But when all wage increases to become effective during the life of each agreement are averaged over the life of the contract, the average is 3.3 percent per year. Our information on fringe adjustments is not good, but they were probably somewhat greater than wage adjustments. We do know that union wage scales in construction rose 4.1 percent between mid-1964 and mid-1965, while increases in total compensation averaged 4.8 percent for that industry.

While union wage increases during 1965 were greater than in previous years, this tendency was even more pronounced in the case of nonunion employment. The southern textile industry, for example, granted three rounds of wage increases in a period of approximately 18 months. We also find that earnings for a selected group of occupations have been rising more rapidly in the less unionized areas than in the more highly organized areas.

We could submit numerous illustrations of recent pay increases that are substantially above those proposed for Federal employees, and substantially above those provided for by the guidelines.

We have reached a point where it is extremely difficult to get employees to work in the post office. There are large sections of the country where recruitment is most difficult. Our salaries are no longer competitive for new employees.

I would like to call your attention to the advertisement circulated in Oakland, Calif., for the job of streetsweeper. The monthly pay for the streetsweeper in the city of Oakland is \$490 a month. A letter carrier starting gets \$431 a month. So competitively in the California area, as Congressman Wilson, I am sure, well knows, it is almost impossible to recruit postal employees, because the streetsweeper gets \$490 a month to start, the post office is expected to hire people for \$431 a month.

(The advertisement is as follows:)



THE  
CITY OF  
OAKLAND

# STREET SWEEPER

SALARY RANGE: **\$490** per month

## THE POSITION

Employment opportunities for mature, responsible, and dependable men. The work involves heavy manual labor keeping the streets swept. All open positions in this class are in the Street and Engineering Department.

## REQUIREMENTS FOR APPLICATION

Education and Experience: Completion of the eighth grade and one year of recent, steady, laboring experience.

APPLICANTS MUST BE RESIDENTS OF ALAMEDA COUNTY.

## THE EXAMINATION

The examination will consist of three parts, weighted as follows:

Physical Agility Test.....	Qualifying
Written Test.....	50%
Personal Interview.....	50%

Candidates must earn a score of at least 70 in each phase of the examination to place on the eligible list.

The written test may measure the candidate's knowledge of safety and first aid; ability to follow written and oral instructions; ability to work independently and with others; and ability to maintain good public relations.

The personal interview will be an appraisal of the candidate's background and personal qualifications.

## CLOSING DATE FOR FILING APPLICATIONS:

Friday, February 18, 1966, 4:00 p.m.

## DATE OF EXAMINATION:

Friday and Saturday, March 11 and 12, 1966  
Hours as assigned.

NOTE: YOU MUST APPEAR IN PERSON TO FILE AN APPLICATION, ROOM 100, CITY HALL, OAKLAND.

February 1, 1966(8)—TL

**APPLY**

◆◆◆◆ Civil Service Department, Room 100, City Hall, Oakland, California

Mr. KEATING. If we turn to other segments of our economy, you will find much greater prosperity than you do when you are considering wages.

Here we have another chart that shows what has happened to profits. This chart is taken from "Business Week." It has 48 different industries. You will find the change between 1965 and 1964 is in this column. The profits in 1965 are in the first column. You will find some minuses in the change. But there are no minuses in the profits.

In these 48 illustrations 33 out of 48 firms have profit increases over the previous year of more than 10 percent. Seven had increases over 5 percent, three had increases between 1 and 5 percent, and five showed losses for the previous years, but healthy returns nonetheless.

One of them was Dupont that showed a minus of—this isn't a loss, it is a decline of profits from the previous year.

Most of those that showed low profits or losses were in the steel industry. If you will note, National Steel showed a profit of only 3 percent. Most of the steel companies showed an extremely low profit. But profits in most industries were very large.

If you look at Standard Oil, it showed a loss of 1.5, but they had profits of over a billion dollars. They had a billion thirty-five million dollar profit. So in business there has been a great deal of prosperity for the last year.

(The aforementioned charts follow:)

*Profits on a steep climb*

[Dollars in thousands]

	Profits 1965	Percent change 1965 versus 1964	Profits 4th quarter 1965	Percent change 1965 versus 1964	Profit margins (percent)	
					1964	1965
Air Reduction.....	\$25,655	+37.1	\$6,732	+28.4	5.5	6.8
Alcoa.....	75,586	+24.4	19,462	+19.5	5.9	6.5
Allegheny Ludlum.....	19,474	+22.8	3,228	-38.0	5.4	5.8
Armco.....	93,508	+16.3	21,124	-29.5	7.6	7.9
Avon Products.....	47,500	+19.2	21,785	+27.4	13.3	13.5
Bethlehem Steel.....	150,028	+1.4	28,605	-33.5	6.6	5.8
Borg-Warner.....	45,379	+1.9	18,550	+3.9	5.8	5.6
Burroughs.....	17,528	+71.6	8,924	+71.8	2.6	3.8
Caterpillar.....	158,000	+22.5	38,600	+10.0	10.6	11.2
Cities Service.....	104,100	+23.2	27,216	+10.3		
Container.....	27,300	+18.0	7,364	+22.7	5.9	6.7
Douglas Aircraft.....	14,598	+6.6	3,039	+21.2	2.1	1.9
Du Pont.....	407,000	-13.6	94,488	-29.0	17.1	13.6
Ex-Cell-O.....	17,495	+25.4	4,716	+3.7	7.9	8.4
General Dynamics.....	49,269	+15.6	18,062	+38.6	2.7	3.3
General Motors.....	2,126,000	+22.5	587,339	+56.7	10.2	10.3
Hooker Chemical.....	22,962	+19.3	6,275	+18.0	9.1	9.4
Inland Steel.....	68,377	-3.8	13,933	-36.9	8.0	7.0
IBM.....	476,902	+10.6	125,840	+9.7	13.3	13.3
Johns-Manville.....	34,134	+6.5	11,529	+33.7	7.0	7.1
Jones & Laughlin.....	53,270	-11.3	8,737	-48.3	6.3	5.4
Kennecott Copper.....	101,895	+54.2	24,533	+5.3	12.2	15.3
Koppers.....	12,052	+21.1	3,321	+47.5	3.0	3.2
Libbey-Owens-Ford.....	38,472	+12.7	14,322	+90.6	14.2	13.8
E. Lilly.....	41,600	+31.2	9,900	-8.3	12.0	13.1
Monsanto.....	122,972	+7.0	24,818	-11.0	8.5	8.3
National Distillers.....	31,285	+15.3	9,012	+2.1	3.3	3.8
National Steel.....	87,497	+3.0	21,271	-14.8	8.8	7.9
Olin Mathieson.....	50,360	+21.8	13,641	+21.4	5.1	5.7
Peabody Coal.....	22,500	+5.4	7,947	+4.5	11.3	10.8
Pfizer.....	53,400	+19.5	14,711	+12.1	9.3	9.8
Philip Morris.....	26,509	+17.2	7,090	+16.6	3.5	3.8
Rayonier.....	19,900	+7.3	4,787	+1	12.0	11.9
Raytheon.....	11,021	+33.7	2,993	+66.5	1.8	2.3
Republic Steel.....	77,302	+7.0	13,441	-40.6	5.7	5.6
Reynolds Metals.....	52,643	+43.7	15,904	+26.7	5.9	7.1
St. Regis.....	35,866	+12.5	11,049	+11.0	5.2	5.6
Scott Paper.....	47,256	+11.4	13,970	+11.3	10.0	10.3
Shell Oil.....	234,000	+18.1	62,134	+14.7	7.0	7.6
Socony.....	320,000	+8.8	87,600	+12.0		
Standard Oil (Indiana).....	219,300	+12.5	53,400	+14.8	6.8	7.2
Standard Oil (New Jersey).....	1,035,000	-1.5	266,000	+5.6	8.7	8.1
Texaco.....	636,698	+10.3	172,874	+9.0		
Union Carbide.....	226,917	+20.0	59,942	+5.4	10.1	11.0
United States Steel.....	275,576	+16.4	49,038	-29.0	5.7	6.2
Westinghouse.....	106,903	+39.4	29,843	+19.4	3.4	4.5
Xerox.....	58,648	+47.1	16,014	+39.3	14.2	14.9
Youngstown Sheet & Tube.....	51,587	-4.0	13,255	-17.0	7.3	6.6



*Measure of personal income*  
[Millions of dollars]

State	1957-58 average	December 1964	November 1965	December 1965	Percent change versus year ago	12 months		Percent change versus year ago
						1964	1965	
Alabama.....	\$366.8	\$517.7	\$567.7	\$558.7	+7.9	\$5,958.7	\$6,545.5	+9.8
Alaska.....	44.9	57.7	67.4	62.3	+8.0	779.0	851.4	+9.3
Arizona.....	184.4	311.9	349.6	345.1	+10.6	3,530.0	3,862.2	+9.4
Arkansas.....	182.3	275.7	313.8	298.0	+8.1	3,200.0	3,463.0	+8.2
California.....	3,160.6	4,842.9	5,287.9	5,329.1	+10.0	56,122.3	61,031.7	+8.7
Colorado.....	296.8	422.7	466.6	463.5	+9.7	6,044.0	6,428.8	+7.6
Connecticut.....	551.9	786.8	850.0	873.3	+11.0	9,075.8	9,847.4	+8.5
Delaware.....	103.8	155.2	164.5	161.7	+4.2	1,698.8	1,875.0	+10.4
District of Columbia.....	177.9	240.3	260.8	265.8	+10.6	2,863.0	3,080.1	+7.6
Florida.....	711.9	1,137.2	1,183.5	1,227.6	+7.9	12,841.0	13,984.5	+8.9
Georgia.....	477.4	735.2	824.7	807.6	+9.8	8,344.9	9,256.5	+10.9
Hawaii.....	98.5	159.6	172.3	187.5	+17.5	1,806.9	2,044.6	+13.2
Idaho.....	93.7	120.0	143.3	140.8	+17.3	1,398.0	1,592.7	+13.9
Illinois.....	2,048.2	2,767.6	2,990.3	3,022.9	+9.2	31,895.1	34,608.6	+8.5
Indiana.....	779.0	1,061.8	1,179.2	1,191.2	+12.2	12,273.3	13,596.5	+10.8
Iowa.....	438.0	567.2	645.5	650.2	+14.6	6,547.7	7,235.8	+10.5
Kansas.....	344.1	442.7	474.2	482.6	+9.0	6,218.8	5,561.2	+6.6
Kentucky.....	364.3	575.5	557.1	624.1	+8.4	5,780.9	6,374.7	+10.3
Louisiana.....	416.1	585.8	657.1	642.6	+9.7	6,509.8	7,272.8	+11.7
Maine.....	137.8	183.4	191.5	195.8	+6.8	2,108.9	2,276.9	+8.0
Maryland.....	559.9	854.7	917.8	932.5	+9.1	9,837.1	10,759.6	+9.4
Massachusetts.....	983.2	1,367.6	1,449.2	1,486.8	+8.7	16,827.6	17,103.1	+8.1
Michigan.....	1,414.7	2,027.0	2,200.7	2,205.6	+8.8	22,311.0	25,036.8	+12.2
Minnesota.....	537.9	725.6	785.3	789.3	+8.8	8,363.9	9,122.8	+9.1
Mississippi.....	191.3	291.1	348.4	318.0	+9.2	3,428.0	3,619.0	+8.7
Missouri.....	728.8	990.6	1,055.3	1,088.9	+9.9	11,463.0	12,417.9	+8.3
Montana.....	109.6	129.5	158.5	146.8	+13.4	1,587.0	1,705.6	+7.5
Nebraska.....	226.7	300.9	328.3	328.6	+9.2	3,477.0	3,729.0	+7.2
Nevada.....	58.1	108.8	111.9	116.2	+6.8	1,324.5	1,390.8	+5.0
New Hampshire.....	93.6	128.0	141.6	142.5	+11.3	1,554.7	1,678.3	+8.0
New Jersey.....	1,225.2	1,720.1	1,860.9	1,878.7	+9.2	20,077.9	21,707.7	+8.1
New Mexico.....	129.1	177.0	198.8	185.9	+5.0	2,057.4	2,203.9	+7.1
New York.....	3,568.0	4,844.2	5,149.5	5,244.2	+8.3	56,649.2	60,637.4	+7.0
North Carolina.....	527.6	799.2	900.2	891.2	+11.5	9,282.0	10,069.6	+8.5
North Dakota.....	82.6	107.6	139.9	132.4	+23.0	1,376.0	1,476.5	+7.3
Ohio.....	1,760.5	2,328.0	2,495.1	2,528.6	+8.8	26,729.0	29,197.2	+9.2
Oklahoma.....	326.5	439.7	480.3	473.5	+7.7	5,134.3	5,543.4	+8.0
Oregon.....	300.0	409.0	464.1	467.5	+14.3	4,876.0	5,356.3	+9.9
Pennsylvania.....	1,996.2	2,551.0	2,708.6	2,735.2	+7.2	29,804.9	32,098.6	+7.7

*Measure of personal income—Continued*  
[Millions of dollars]

State	1957-59 average	December 1964	November 1965	December 1965	Percent change versus year ago	12 months		Percent change versus year ago
						1964	1965	
Rhode Island.....	\$146.2	\$195.8	\$212.1	\$213.7	+9.1	\$2,298.1	\$2,485.1	+8.1
South Carolina.....	247.0	371.4	420.8	414.6	+11.6	4,229.0	4,731.8	+11.9
South Dakota.....	90.1	112.8	123.3	123.0	+9.0	1,343.0	1,386.9	+3.2
Tennessee.....	422.9	612.1	697.5	671.0	+9.6	7,061.0	7,791.7	+10.3
Texas.....	1,440.4	1,996.9	2,118.5	2,222.3	+11.3	22,749.0	24,528.8	+7.8
Utah.....	127.8	183.4	194.7	194.5	+6.1	2,138.6	2,279.9	+6.6
Vermont.....	54.8	73.9	82.0	86.3	+16.8	2,867.0	2,973.1	+12.2
Virginia.....	557.5	857.7	934.2	931.3	+7.3	9,804.0	10,574.9	+7.9
Washington.....	505.0	653.5	752.6	753.0	+15.2	7,861.0	8,577.4	+9.1
West Virginia.....	253.2	298.1	316.2	318.8	+6.9	3,530.2	3,760.1	+6.5
Wisconsin.....	652.2	899.0	966.0	970.1	+7.9	10,226.0	11,126.8	+8.8
Wyoming.....	57.2	68.3	75.4	70.3	+2.9	337.0	368.8	+3.8
Nation.....	30,353.1	42,576.2	46,134.7	46,591.7	+9.4	491,001.3	533,727.7	+8.7



Mr. KEATING. A number of years ago, pay for letter carriers in our larger cities equaled and even exceeded that of policemen. This is no longer true, as the chart you have before you will demonstrate. We are not saying that policemen are overpaid—but we are saying that letter carriers are underpaid.

You have a chart in the testimony we are presenting that shows policemen's salaries in certain cities in 1965. We don't have figures for 1966 because it is early in 1966. Down below you have the salary the letter carriers are presently receiving.

You will notice that the wages of these policemen are much higher. At one time we received either equal amounts or more than they did.

In Los Angeles, for example, the policeman starts at \$7,296. He goes to \$8,580 in 4 years. Letter carriers start at \$5,181. We go to \$7,062, but it takes 21 years.

In my own hometown of Minneapolis, policemen start at \$6,300 and go to \$7,020 in 2 years. But you will see from these charts—and they come from different parts of the country—Bedford, Ohio; Aberdeen, Wash.; Crystal, Minn.; a relatively small suburban community, Royal Oak, Mich.—all of them have salaries that are well in excess of what the letter carriers are receiving.

(The chart on policemen's salaries follows:)

*Policemen's salaries in certain cities, 1965, compared to letter carriers, 1966*

City	Entrance salary	Top salary	Number of years to reach top grade
Chicago, Ill.	\$5,688	\$6,840	3½
Detroit, Mich.	6,115	7,000	4
Los Angeles, Calif.	7,296	8,580	4
New York, N.Y.	7,032	8,483	3
Baltimore, Md.	5,340	6,468	4
Cincinnati, Ohio	5,506	6,428	3
Cleveland, Ohio	5,547	6,600	2
Honolulu, Hawaii	5,592	7,128	6
San Diego, Calif.	6,876	8,352	3
San Francisco, Calif.	7,980	8,580	4
Seattle, Wash.	6,300	7,080	2½
Washington, D.C.	6,010	7,610	6
Denver, Colo.	5,700	8,256	1-25
Jersey City, N.J.	6,233	6,678	2
Long Beach, Calif.	6,900	8,508	3½
Minneapolis, Minn.	6,300	7,020	4
Newark, N.J.	5,778	6,798	5
Oakland, Calif.	7,752	8,268	3
Portland, Oreg.	5,580	6,972	3
St. Paul, Minn.	5,744	6,984	5
San Jose, Calif.	7,128	8,664	3½
Alexandria, Va.	5,425	6,595	5
Anaheim, Calif.	6,516	7,920	3
Berkeley, Calif.	5,916	7,920	5
Cambridge, Mass.	5,800	6,958	3
Dearborn, Mich.	5,980	6,608	2
Elizabeth, N.J.	6,250	6,850	3
Flint, Mich.	5,720	7,501	20
Fresno, Calif.	6,840	8,016	3½
Hammond, Ind.	5,590	6,480	1-13
Las Vegas, Nev.	6,302	7,592	5
Lincoln, Nebr.	5,280	5,820	2
Madison, Wis.	5,408	6,552	3½
New Haven, Conn.	5,740	6,140	2
Pasadena, Calif.	6,588	8,016	3
Sacramento, Calif.	6,900	8,280	3½
Santa Ana, Calif.	6,760	8,160	4
Tacoma, Wash.	5,760	6,900	3½
Warren, Mich.	5,787	6,493	3
Bloomington, Minn.	5,976	6,924	3
Burbank, Calif.	7,140	8,364	3
Cleveland Heights, Ohio	5,700	6,500	2
Clifton, N.J.	5,781	6,812	5
Compton, Calif.	7,092	8,286	3
Cuyahoga Falls, Ohio	5,556	6,420	5

*Policemen's salaries in certain cities, 1965, compared to letter carriers, 1966—Con.*

City	Entrance salary	Top salary	Number of years to reach top grade
East Chicago, Ind.	\$6,300	\$6,660	3-13
East Orange, N.J.	6,100	6,900	5
Eugene, Oreg.	5,640	6,600	2½
Evanston, Ill.	5,820	7,080	3½
Everett, Wash.	5,652	6,360	4
Kenosha, Wis.	5,820	6,780	5
Lincola Park, Mich.	5,665	6,115	1
Malden, Mass.	5,540	6,300	5
Medford, Mass.	5,599	6,313	4
Mount Vernon, N.Y.	6,400	7,400	3
Palo Alto, Calif.	6,668	8,352	3½
Parma, Ohio	5,500	6,800	3
Royal Oak, Mich.	5,707	6,630	1½
Skokie, Ill.	6,060	7,728	4
Somerville, Mass.	5,400	6,600	5
West Allis, Wis.	6,469	7,062	3-4
Aurora, Colo.	5,358	6,546	4½
Birmingham, Mich.	5,607	6,525	2
Brooklyn Center, Minn.	6,132	7,104	3
Crystal, Minn.	5,760	6,960	3
Everett, Mass.	5,980	6,600	3
Groton, Conn.	5,563	5,938	3
Hackensack, N.J.	5,800	6,800	5
Highland Park, Mich.	5,917	6,333	1
Janesville, Wis.	5,721	6,234	3
Long Beach, N.Y.	5,520	7,900	5
Middleton, Ohio	5,408	6,776	5
Minnetonka, Minn.	5,550	6,660	3
Mount Prospect, Ill.	6,440	7,140	3
Richfield, Minn.	6,468	7,068	1
St. Louis Park, Minn.	5,928	7,098	4
Scarsdale, N.Y.	5,950	6,750	4
Aberdeen, Wash.	5,640	5,760	2
Bedford, Ohio	5,532	6,739	6
Brookfield, Wis.	5,940	6,660	2
Center Line, Mich.	5,667	6,167	2
Cudahy, Wis.	6,618	7,029	3
Dedham, Mass.	5,713	6,299	5
La Grange, Ill.	5,688	6,916	2½

**Letter carriers:**

Entrance salary	\$5,181
Top salary	\$7,062
Number of years necessary to reach top grade	21

Mr. KEATING. On a competing level the post office is seeking employees. The post office draws pretty much from the same group of people that the police department draws from, and sometimes people have a choice of going into the post office as a letter carrier or taking a job as a policeman. We used to get our share. We don't get our share any more because our salaries have lagged.

I am going to recognize Vice President Rademacher at this time to make a few comments, human interest comments, and whatever else he has to say.

**STATEMENT OF JAMES H. RADEMACHER**

Mr. RADEMACHER. Mr. Chairman and members of the committee. I feel sort of like a radio announcer who says "I am interrupting these hearings to bring you the news."

It is very evident, from the reprint appearing on the second portion of our testimony today from the Daily Times at Mamaroneck, N.Y., the citizens themselves are not satisfied with the wages paid police officers and are urging a 15-percent increase in the village of Larchmont. The scale is presently \$6,900 for first-class patrolmen.

(The above-mentioned newspaper article follows:)



[From the Daily Times, Mamaroneck, N. Y., Feb. 16, 1966]

#### FOR LARCHMONT VILLAGE—POLICE SALARY HIKE URGED BY RESIDENTS

Various segments of the community were represented last night among the supporters of a 15-percent pay hike for Larchmont police.

The police department requested, through recommendations of Lt. Jack Keresey acting for Chief William Keresey, that the village budget include provision for the increase and also that a 25-year retirement plan be adopted for the department.

About a dozen speakers urged the board to adopt these recommendations. The tentative budget is due, March 20.

Also at last night's meeting, two policemen who have just completed their probationary period at the municipal police school were introduced to the board by Lieutenant Keresey. They are Michael Garcia and Reid Hiles.

Lieutenant Keresey explained that under civil service rules, a report that a new man is not performing adequately must be made within 6 months, and if not made, the civil service makes the appointment permanent.

"My thought is," said the mayor, "that in the past we have always met them and this time we would not have if I hadn't asked to."

Trustee John B. Forrest who is liaison for the police department said it was good for the men and for the board to have such a meeting and Lieutenant Keresey agreed.

Also introduced by the lieutenant was Larchmont's newest police sergeant, Henry Krobetzky, whose platoon recently won commendation from the Coast Guard for assistance in rescuing stranded coastguardsmen last weekend.

#### WANSHEL URGES RAISE

Leading the speeches on police pay was Larchmont Attorney Jerome H. Wanshel who argued in favor of the increase to help attract and keep good men.

He said he believes that the people of the village are willing to pay the necessary taxes, that policemen should be paid at a scale "at which they can afford to live here and raise their families," and that "for whatever it will cost, they should be raised to the top of the scale" in the county.

Larchmont's scale of \$6,900 for first-class patrolmen is lower than that paid in 36 Westchester villages, towns and cities, among them Mamaroneck Village and Town.

Mr. Wanshel stated that he has previously suggested a trimunicipal committee in Mamaroneck and Larchmont to work out police pay but apparently this has not been feasible.

#### CITIZENS AGREE

Similar support for the pay hike was voiced by Myron K. Wilson of 34 Iselin Terrace, Everett Bovard of 21 Woods Way, and Mrs. William McGuire of 1806 Palmer Avenue, who said she was speaking as a mother, and several others.

Gabriel V. Fay, village Democratic chairman, said he could not speak for the committee which had not had a chance to meet, but heartily endorsed the recommendation.

He lauded the caliber of the police who give the residents a feeling "of being personally looked after."

Joseph Fay, speaking as a businessman for more than 20 years in Larchmont, expressed similar sentiments, as did William Buschel, president of the chamber of commerce who said he could not speak for the chamber which had not met but was speaking as a businessman aware of the wonderful work of local police.

#### PETITION

Patrolman Timothy Courtney presented the board with a petition bearing 45 signatures of residents backing the pay hike, and Patrolman Charles French expressed the hope on behalf of members of the department that the board could find it possible to implement the chief's recommendations.

Lieutenant Keresey added that as an administrator he believes "not just raises but the highest kind of raises" are necessary. He pointed out that in 1946, the county civil service list carried 1,000 candidates for patrolmen and a few days ago the latest list had 40, "and it's a long time since a Larchmonter asked to qualify."

Several organizations and individuals have written the board in support of the increase.

They include the Mamaroneck-Larchmont Jaycees; Charles H. Schmidt, owner of the Larchmont Sport Shop; Robert L. Smith of 120 Beach Avenue, who operates the Kingswood Camp for Boys in New Hampshire; John Hanway II of 34 Helena Avenue, and Joseph Mahler of 4 Margaret Lane.

Mr. RADEMACHER. On the second reprint—at Birmingham, Mich. a police officer has quit because he cannot get along on \$6,900 annually. He is forced to leave the service.

The letter carriers in that city, of which there are 60, are averaging \$5,800, and the new proposals of the administration after 15 years of service would provide less than the amount of salary being received by this police officer who was forced to quit in that particular city of Birmingham, Mich.

(The newspaper clipping is as follows:)

#### WHY OFFICER QUIT CITY

Birmingham has lost Jerry V. Roddewig, a man who hated to leave. He was a policeman here for 8 years and 3 months and he liked his work. But he quit last Friday.

In a letter to the city of Birmingham, he told why he resigned:

"There are two major reasons for my decision to leave the city, more money and more opportunity. I will try to point out in this letter how both of these reasons affect me and all the other members of the police department.

"I have been with the police department 8 years and am now earning \$6,917 annually in the position of staff aid. This is the same amount the patrolmen in the department receive.

"Now let me break down the figure \$6,917 into terms you all understand.

"This figure means \$217.48 every 2 weeks or \$434.96 per month with the exception of 2 months a year when there are three paydays. In terms of where the money goes, here is a sample:

House payment.....	\$96.00
Car payment.....	77.00
Food.....	100.00
Life and health insurance.....	31.00
Car insurance.....	24.00
Electric.....	15.00
Heat.....	15.00
Phone.....	10.00
Gas, oil, maintenance.....	20.00
Total.....	388.00
One month's pay.....	434.96
One month's expenses.....	388.00
Amount left.....	46.96

"Out of the \$46.96 comes small things like clothing for my wife, two children and myself, entertainment, gifts, contributions, home maintenance, school expenses, home improvements and others," Roddewig continued.

"This leaves nothing for savings toward major expenses such as college education, vacations, etc.

"I might add that it doesn't provide for medical expenses incurred which are not paid under the city insurance.

"While I am on the subject of insurance, you will note I make payments on health and life insurance. I get \$3,000 insurance from the city should I die.

"This would do the job on funeral expenses but what happens to my wife and children?

"I have purchased additional life insurance to at least get my family on an even keel should I pass away.

"I also mentioned health insurance. We found that the birth of our first child that the city insurance covered slightly less than half of the expenses.

"The additional small policy at least helps a little. Thank God we have had no real sickness.



"Part-time work has been the only saving factor in keeping me from very large debts. I estimate I make at least \$2,000 part time.

"I should add, however, that since my 'promotion' to the position of staff aid working 8 a.m. to 5 p.m. Monday through Friday (with no increase in pay although the chief has requested it) my part-time income has decreased greatly.

"With the above short explanation of my wages and expenses I must point out some of the factors which have attracted me to industry.

"First of all, I will be making more money as base pay. Next, I will get full paid health insurance which will cover all expenses except office calls.

"I get full paid life insurance in the amount of twice my base pay. I should add that should I die in an accident my wife will receive four times my base pay.

"If I die at work due to accident my family will receive six times my base pay.

"I will be working in the security field and will be paid 5 percent of my base pay for working afternoons and 10 percent for working midnights.

"I also will receive 3 percent for working under a 7-day operation.

"When you include \$210 cost of living per year, you find additional money in my pocket.

"Most industry also has a policy for holidays. In my case, nine holidays are provided for and should I work any part of a week in which one of the holidays fall, I receive 1 additional day's pay.

"Should I have to work one of the holidays, I receive an addition one-half day's pay.

"There are other monetary advantages but at least the above are a few.

"The opportunity for advancement within an industrial structure is much greater when one considers sheer numbers alone. The retirement age is falling and many openings are becoming available.

"The expansion of industry also creates additional positions. It took me 7 years to attain the position of staff aid and then, no additional money.

"My calculations show that it will take at least 4 more years to get beyond my present position and should I get a promotion to sergeant, under the present scale, it would mean only about \$500 more money.

"When you consider that a sergeant has to supervise at least 4 patrolmen and be responsible for the safety of nearly 30,000 citizens during afternoon and mid-night shifts, that isn't much of an increase.

"Then you must figure that a sergeant must spend at least 30 minutes at work more than a patrolman, another problem arises.

"Considering a sergeant makes about \$4 per hour and the additional 30 minutes figured at overtime rates, he does not make any more money than a patrolman.

"I could continue for hours but by now, I am sure you have the point.

"I hope that this letter will be of some value in assisting the other members of the police department in their effort for increased wages.

"Respectfully submitted.

JERRY V. RODDEWIG,  
*Former employee."*

Mr. RADEMACHER. At Milwaukee the latest headlines are "Police want raises up to \$1,578 a year which would raise them to \$9,200 a year."

The very latest issue of the Government Employee Relations Report of the Bureau of National Affairs reports that at Dayton, Ohio, police and firefighters have turned down city proposals for a \$5.20 weekly pay increase.

At Detroit the 3,500-member police officers and firemen are asking for increases to \$9,000, which are expected to be approved.

In the city of Oakland, Calif., a bulletin arrived today announcing examination for police officer which provides for the first year \$663 monthly, and after the third year \$707, which is about \$2,600 more a year than a letter carrier would receive after 10 years of service.

So much for police officers. But our members were a little concerned yesterday to read newspaper accounts in the city of Richmond, Va., of the administration's proposal for an average 2.85 increase when they turned the page and read that the salaries of Richmond area officeworkers increased 5.4 percent during the past year.

I would like to just briefly mention other things that are happening.

The recruiting situation is so critical that this notice was posted on March 3, last week, at Englewood, Calif.:

All regular carriers will hereafter be scheduled to 6 days weekly.

There is insufficient manpower in that city, and employees are now on a 6-day week. They just can't get people to carry the mail.

In the suburban area of Chicago, Cook County, this notice was posted by all postmasters in a dozen cities, and it states that the situation is critical and they have gone so far as to advertise:

If you have previously received a notice of rating since 1960 showing that you passed a clerk-carrier examination it won't be necessary to take the test over again, simply secure an application from your postmaster.

The situation is critical.

Mr. Chairman and members, as you know from recent reports, a great percentage of our people are working part-time jobs or taking care of the children while their wives are working. Because of the fact of part-time work we have suffered loss of some of our members who have been killed in action on a second job.

Last week in the city of Loraine, Ohio, a letter carrier named Ray Pounds, a father of two children, who only a few years ago purchased a home for \$13,900 because that is the only type of home that he could buy with his wage scale, was killed as he attended to his duties in a supermarket during the night hours. This carrier was forced to work 4 nights weekly, depriving his family of his attendance with them. He worked from 6 to 12, 4 nights weekly, for \$1.50 an hour. Two burglars arrived at the supermarket during the time when he was working and shot and killed him.

His wage at the time of his death was \$6,378, causing the necessity of his part-time employment.

This is just one incident that we can report to you.

Mr. WILSON. Mr. Chairman, I wonder may I, because of a personal matter—I am just a guest of the committee today, but something that is related directly to what Mr. Rademacher has just said—I wonder if I might insert another instance in the record at this time.

Mr. UDALL. Without objection, so ordered.

Mr. WILSON. About 4 years ago Norman Merrill, who is our own personal letter carrier at my home in Los Angeles, was involved in a similar incident. He had a part-time job in a service station. He had four children, was a veteran of some 20 years in the Postal Department, and had to have this service station job in the evening.

He was kidnaped by two burglars and taken out and murdered. His body was found 2 or 3 days after the incident occurred, and this is not an unusual thing.

I think that the number of part-time jobs that these postal employees are required to get is certainly evidence of the need they have for all of the pay increase that we could possibly give to them.

Mr. UDALL. Proceed.

Mr. RADEMACHER. Thank you very much, Congressman Wilson. The letter carriers throughout the country are very much aware of your personal interest, and we are very pleased to have that in the record.

I might say now, Mr. Chairman, back to shortages of help, today I checked with the Detroit office where we have had complaints that men are forced to work overtime constantly, and it gets to a point



where they just cannot endure these long hours, and the postmaster has advised our organization that 2,104 people were called in from the register during the last 6 months—106 reported. Despite the fact that they took and passed a civil service examination, 106 out of 2,104 people called, reported to answer the call for appointment, and I am not aware of how many actually did accept out of that number.

The postmaster also reports that during the first week of March mail volume in Detroit has increased 10 percent, and they are 75 letter carriers short today and 150 clerks, and they cannot find replacement anywhere they go at the salary of a letter carrier or postal clerk.

An article appearing in a Yonkers, N.Y., paper last week headlines:

**Post Office Can't Find New Men.** The Federal Government is having 'a hard time meeting the competition of the corporate giants, and as a result there are approximately 100 postal jobs available in Westchester and Putnam Counties. Some areas have reached the critical stage. The number of postal examinations has been stepped up to two each month in order to fill the manpower need.

Mr. Chairman, if you and the committee members will please refer now to my statement on uniform allowance for letter carriers on page A of the second portion of President Keating's testimony, it is headed, "Uniform Allowance for Letter Carriers".

On July 29, 1965, this august body passed legislation which among other features would provide \$150 uniform allowance for those Federal employees required to wear same. This subcommittee took that action because they were convinced that over the past 10 years since the original Uniform Allowance Act, there have been sufficient increases in prices of the apparel, as well as increases in the number of items for which reimbursement would be made, to warrant additional allowance.

Following the action of the subcommittee on September 30, 1965, the House agreed to the provisions of H.R. 10281 by vote of 370 to 7.

Subsequently on the Senate side, with the so-called guideline pressures, the Senate differed with the House passed bill, and agreed to \$125 annual uniform allowance.

The National Association of Letter Carriers is very much aware of the language which is contained in the Uniform Allowance Act which now makes it possible for agency heads to pay an amount up to \$125 to those employees who are required by either regulations, or law, to wear a prescribed uniform while on duty.

We are also mindful that the Senate by a vote of 67 to 0, on October 22, 1965, agreed to the \$125 allowance: Immediately following the Senate vote, the House of Representatives concurred and there was enacted into law a provision which permits payments up to \$125 for uniform allowance.

President Johnson, on October 29, 1965, signed Public Law 89-301 thereby rendering final approval for the increased allowance.

The National Association of Letter Carriers has been in contact with the Post Office Department on several occasions, and we have been advised that the increased allowances will be a matter of negotiations when such bargaining does take place officially between those organizations which have exclusive recognition at the Post Office Department, and postal officials. At the present time, it appears that such negotiations will not begin until perhaps April which will mean that even if there is agreement that the additional \$25 will be

paid, the extra allowance would not be payable until at least June or July. Even if there was agreement reached that the additional allowance would be paid no later than July 1, there would still have existed 9 months between the date of enactment of H.R. 10281 and the final authorization for reimbursement of the additional funds.

We are greatly concerned over this injustice especially in view of the fact that all of our members were led to believe that it was the sentiment of the Congress to actually increase their uniform allowance. In discussing cost of this legislation, it was clearly pointed out that the expenditure to comply with the new law would be about \$5 million, which is the exact cost of an additional \$25 for each postal worker required to wear a complete uniform. The attitude of the Post Office Department in withholding authorization of the additional funds until there are negotiations on the subject, is highly irregular and unconscionable. (I might add that section 17 of the Senate committee's report—Report No. 910—sets out the effective date of the increased uniform allowance as the date of enactment.)

For the record, I would like to submit some of the facts which were presented to the Senate committee during hearings in 1965. I would like to preface my statement on the subject by including in the record information describing the typical annual costs for letter carrier uniforms. This matter, which is attached to this statement, contains figures which have been taken from the fall catalogs of leading uniform companies.

(The information on figures from fall catalogs as to cost of uniforms follows:)

Following are the typical costs of attaining uniform apparel under the uniform allowance in accordance with official instructions which permit reimbursement for certain designated items.



*Typical annual costs for letter carrier uniforms*

(The costs are exact prices quoted from fall catalogs of leading uniform companies)

## NORTHERN AREAS

Item	1st year cost <sup>1</sup>	2d year cost	3d year cost
Coat (winter).....	\$59.95		\$59.95
Jacket (spring and fall).....	23.50	\$23.50	23.50
Trousers (4 pairs).....	66.00	66.00	66.00
Cap (2).....	9.50	9.50	9.50
Raincoat.....	21.50		21.50
Uniform shirts (6 summer, 6 winter).....	56.70	38.50	38.50
Tie.....	1.25	1.25	1.25
Shoes (2 pairs).....	29.90	29.90	29.90
Sweater.....	12.95		12.95
Belt.....	2.25	2.25	2.25
Rain leggings.....	6.95		
Cap cover, cape.....	5.50		
Galoshes.....	7.95		7.95
Rubbers.....	4.95		4.95
Gloves.....	6.50	6.50	6.50
Total.....	315.35	177.40	284.70

## SOUTHERN AREAS

Jacket.....	\$23.50	\$23.50	\$23.50
Trousers (4 pairs).....	66.00	33.00	33.00
Cap.....	4.75	4.75	4.75
Raincoat.....	21.50		
Uniform shirts (12).....	56.70	56.70	56.70
Tie.....	1.25	1.25	1.25
Shoes (2 pairs).....	29.90	29.90	29.90
Sweater.....	12.95	12.95	12.95
Belt.....	2.25	2.25	2.25
Rain leggings.....	6.95		
Cap cover, cape.....	5.50		
Rubbers.....	4.95		4.95
Total.....	236.20	164.30	169.25

<sup>1</sup> All prices quoted from most current sales catalogs of leading uniform manufacturers.

Mr. RADEMACHER. Until enactment of Public Law 763, which was approved September 1, 1954, letter carriers and other employees required to wear uniforms often found it necessary to go into debt to purchase regulation items. The National Association of Letter Carriers strongly supported enactment of Public Law 763 for a number of reasons, especially for the fact that letter carriers take pride in presenting a good appearance to the public. Since the letter carrier is the only representative of the U.S. Government who comes in direct contact with the taxpayer, it is imperative he dress the part of the ambassador.

When instructions were first issued in the official Postal Bulletin of June 9, 1955, there were 13 total items for which letter carriers could be reimbursed. These items included: coat, jacket, trousers, helmet, cap, raincoat, raincap cover, uniform shirt, tie, shoes, sweater vest, and belt.

Because of the subsequent experience with the uniform allowance, and the apparent need for revision of the regulations, a National Postal Uniform Committee was approved and this group had frequent meetings with Post Office Department officials. From the period June 9, 1955, through December 29, 1964, the allowable items for which reimbursement could be made was exactly doubled. Where there were 13 original items allowed, today there are 26 various items for which the cost is reimbursable. The additional 13 items which

were not included in the original regulations are: fur coat, fur cap, mesh cap, parkas, galoshes, rubbers, gloves, short raincoat, rainpants, rain leggings, removable cape, skirt (for females), cap (for females).

In addition to the increase in the number of reimbursable items, through the past 10 years there have been city and State sales taxes which have taken from \$3 to \$5 from the \$100 allowance, and the normal increases in cost of uniform items has caused demands for a higher allowance.

Some examples of the prices on uniform items which have increased are shown below. This information has been taken from advertisements which appeared first in the September 1954 Postal Record, and secondly, in the March 1966 issue of that publication:

Item	1954 price	1965 price	Percent of increase
Sweater.....	\$7.95	\$12.95	63
Overcoat.....	46.50	59.95	34
Caps (serge).....	3.00	4.75	60
Shirts (long sleeve).....	3.50	4.95	40
Shoes.....	7.95	12.98-19.98	63-120

Also, it must be remembered that letter carriers must purchase from their own pockets umbrellas, hip boots, and socks. The cost of these items is not reimbursable.

Mr. Chairman, we have proved it is quite evident that the subjects listed above have contributed greatly to the urgency of an increase in the uniform allowance now; that is, cost of articles having increased over the past 10 years, the increase in the number of reimbursable items, and the various sales taxes that have wiped out from 3 to 5 percent of the allowance. It is also evident that the intent of Congress was to see to it that the uniform allowance was increased, and overwhelming votes proved that intention. We strongly urged that the committee reiterate in some manner the intent of the law and urged that the additional allowances be appropriated immediately. We feel that the entire matter has been negotiated with the Congress, and that any further negotiations are unnecessary and time consuming, and can only cause serious and unwarranted delays in approval of the additional allowance which Congress has already agreed to.

#### STATEMENT OF JEROME J. KEATING—Continued

MR. KEATING. We are going to get back to the discussion of comparability which was the base of the 1962 law. Comparability means comparability with pay in private industry, but I think in a balanced economy it ought to mean something more than that.

Trends, which is a publication put out and circulated by various commercial banks in the Nation carried this interesting story on March 1 relative to the dynamic economic progress that we have made:

The fifth anniversary of the business expansion has just passed—with no indication of a slowdown in sight.

"The big boom of the 1960's," or whatever name is given the recordbreaking upturn, is certain to receive special attention from students of economics for some time to come.

Passing the 60-month mark the end of February, the current expansion is already twice as long as the average length of business expansion in every cycle since



1954. The 30-month average, moreover, includes several wartime periods when the economy was pushed at artificially high speed through necessity.

"Then" and "now" comparisons tell the dramatic story.

Personal income in the United States was \$405 billion in February 1961; today it is \$550 billion, a gain of 35 percent.

Industrial output, as represented by the Federal Reserve Board index, was 103 in 1961; today it is 148, an increase of 43 percent.

Retail sales have risen 33 percent, from a level of \$18 billion annually in 1961 to \$24 billion today.

Overall construction is up 28 percent in the 5-year span, from a yearly total of \$54 to \$69 billion in 1966.

Impact on the American people is equally dramatic.

Despite a steady increase in population (7 percent during the 5-year period), the number of unemployed has dropped from around 5 million in 1961 to 3 million today.

The unemployment rate today among married men, the Nation's main breadwinners, is 1.8 percent—as compared with 4.6 percent in 1961.

Business profits have showed considerable growth in the upturn. The total of all corporate profits after taxes is now at the level of \$45 billion a year—against \$27 billion in 1961.

U.S. corporations paid a record \$19.5 billion in cash dividends last year, up more than 10 percent over 1964, \$17.7 billion.

Recent concern over rising prices tends to obscure the fact that the actual buying power of most consumers has gained sharply. Consumer prices now are 7 percent greater than they were 5 years ago, and wholesale prices are up 3 percent. But the average weekly wage of factor, for example, is 24 percent greater than it was in 1961.

That is the end of the quote from Trends.

While wages of factory workers increased 24 percent in 5 years, salaries of letter carriers increased only 16.7 percent. Where is our comparability?

Ample figures have been presented here to establish the fact that most segments of our American economy have prospered. One more illustration that is all-inclusive is in the area of personal income. The average increase in personal income in 1965 was 8.5 percent. The highest in any one State was 13.9 percent; the lowest was 3.2 percent. This was in the State of South Dakota. Amazingly, this is the gain in compensation to which Federal employees are to be held—the South Dakota standard.

The Monthly Labor Review for July 1965 carried an article written by Mary Conyngton in 1920. Anyone reading it could readily believe it was written today. The following are excerpts from this article:

\* \* \* It will hardly be said that the Government's demands, in those bureaus and divisions existing before the war, have altered materially within the past 5 years, and that its employees deserve relatively a much lower salary today than they received in 1915. Yet the purchasing power of their salaries has fallen materially since 1915 \* \* \*.

Here, again, there is clear evidence of the lack of any policy underlying the changes. Evidently the increases have not been planned to compensate for the increasing price of food, for in only two cases is the percentage increase in salary even half as great as that in food prices. And they cannot have been proportioned to the value of the services rendered \* \* \*. The only conclusion that can be drawn \* \* \* is that the Government raises salaries only when it is forced to do so in order to keep its employees, and then only so far as will enable it to withstand outside competition. When there is no such competition \* \* \* salaries tend to remain stationary, or are advanced slowly and uncertainly \* \* \*.

Surveying the whole situation, it does not seem too much to say that the Government's only policy in regard to wages has been to have no policy \* \* \*.

An "editor's note" makes a weak defense of present policies by stating:

There is now a Government body making yearly recommendations to the President on wage policy, on the basis of the BLS annual survey of pay of pro-

fessional, administrative, technical, and clerical personnel in both industry and Government. True, recommendations are not based on changes in prices, or related to changes in job duties as proposed in this article (June 1920). Rather, they are geared to the need to meet industry salary levels if the Government is to build and hold a trained professional and clerical staff.

In an article titled, "Poverty: The Word and the Reality," published in the Monthly Labor Review of July 1965, we find the following:

\* \* \* The estimated October 1962 cost of a modest budget for an employed man, housewife, and two children in New York City, published by the Community Council of Greater New York, was about \$5,500 for goods and services, and almost \$6,500 including insurance and personal taxes \* \* \*.

Our letter carriers in New York City do not attain this amount of pay until they have served their Government for 12 years. I should point out that this standard that I quoted was a standard for October 1962, not for 1966. Today, of course, it is much higher.

What is wrong with our comparability? There are many things wrong with our comparability. In fact, we feel it is practically no comparability.

At the outset, existing inequities were completely ignored, and we started out as if it were an economic world just created. The injustices of prior years were not taken into consideration when the comparability program was put in operation. Its concepts were too limited.

It is subjected to and restricted by budgetary considerations.

Its statistical concepts are subject to arbitrary, crippling changes.

Now I want to point out, and I don't know whether the members of this committee have received this or not, but the sole bible of our comparability pay schedule is found in this little bluish-green book, "The National Survey of Professional, Administrative, Technical, and Clerical Pay." Now where we fit into this book, I don't know, but this is the sole bible on which comparability is based.

I might also point out that last year the comparison of pay was made with pay in metropolitan areas. This year they also included nonmetropolitan areas, which means that there was a lower pay salary because of the fact that these nonmetropolitan areas were included.

We objected to the inclusion of the nonmetropolitan areas. They said it only amounted to 8 percent. But even if you dilute by only 8 percent that is quite a substantial dilution.

The report that was sent by the Bureau of the Budget to the President on the recommendation of pay, the joint annual report on Federal statutory salary systems, which I think you men should have, makes the following comment:

Extension of the survey to nonmetropolitan areas was in accord with the recommendation of the Surveys & Research Corp. after their review 2 years ago of the survey used for Federal comparability purposes. Also in accord with that corporation's recommendation is the extension of the current 1966 BLS survey to establishments of smaller size.

So we are going to have a little more dilution this year. The 1965 was diluted; 1966 is going to be diluted still more, and at whose recommendation? Is it on the recommendation of the Congress? No; it is on the recommendation of a business professional organization that conducts the survey.



The comparability has moved down. It is no longer a Government comparability—if it ever was. It is comparative data not confined to good or even adequate comparisons, but includes the poorly paid employees—an unworthy objective, if the Federal salary scales are to be what should be expected.

I don't think that the Federal Government, who should be an example for all employers, should go and take the salary of people that are paid substandard wages into consideration in developing a salary schedule that is adequate for Federal employees. I think we are entitled to better pay than that, and this comparability is no comparability at all, in my opinion.

The comparisons used in many instances are unreal, and I want to point out the comparison that is made between letter carriers is tied in with office clerical employees. What they have to do with clerical employees God only knows. We have objected to that since this program first went into operation. We are tied in with GS-5.

And in the report to the President of the salary committee we also find this paragraph:

Although the survey has produced excellent data on several professional, administrative, and technical jobs in the private enterprise equivalent of GS-5, the data has not been used this year nor in past years in comparability computations. Determination of use of the data is based upon the fact that more than 70 percent of GS-5 employees are engaged in clerical work, yet no data has been available to date on private enterprise rates for clerical work at this level. Until such data are available it does not seem possible to accept the findings of GS-5 as being sufficiently representative to private rates at the work level.

Repeated prior attempts to survey pay for GS-5 clerical jobs have failed, but successful surveys on the newly added jobs should satisfy the criterion of representatives and permit use of this data in computing Federal comparable salaries.

Now that is what we are opposed to. There is no basis for the GS-5, and they compare letter carriers with clerks who are determined on a basis of a comparability that has no data. There is no comparability in the Government plan. Salaries perpetually lag, and there is no possibility of ever catching up.

I must confess at the outset we had some hopes for a comparability program. Several of the above criticisms have always been evident, but we had hopes that the weaknesses would be eliminated rather than expanded. This has not happened.

The chart, "National Comparison," illustrates what has happened in the pay schedule. It shows the pay of letter carriers as they have progressed in comparison with people in three other industries. I might add that the figure in 1965 is \$2.98, the figure here is \$3.44. Now as we have gone along, in 1949 we received more hourly pay than any of these three groups, but their salaries have increased and have increased rapidly, while the pay of the letter carriers has proceeded rather slowly.

(The chart follows:)

*National comparison*

	Pay of step 7 letter carrier	Petroleum refining and related industries	Blast furnace and basic steel products	Motor vehicles and related workers
1949.....	\$1.815	\$1.80	\$1.66	\$1.70
1950.....	( <sup>1</sup> )	1.84	1.70	1.78
1951.....	2.015	1.99	1.90	1.91
1952.....	( <sup>1</sup> )	2.10	2.00	2.05
1953.....	( <sup>1</sup> )	2.22	2.18	2.14
1954.....	( <sup>1</sup> )	2.29	2.22	2.20
1955.....	2.19	2.37	2.39	2.29
1956.....	( <sup>1</sup> )	2.54	2.54	2.35
1957.....	( <sup>1</sup> )	2.66	2.70	2.46
1958.....	2.34	2.73	2.88	2.55
1959.....	( <sup>1</sup> )	2.88	3.08	2.77
1960.....	2.55	2.91	3.05	2.83
1961.....	( <sup>1</sup> )	3.03	3.25	3.00
1962.....	2.74	3.06	3.24	3.11
1963.....	( <sup>1</sup> )	3.24	3.31	3.22
1964.....	{ 2.78 }	3.25	3.39	3.32
1965.....	{ 2.88 }	3.26	3.41	3.44
	{ 2.98 }			

<sup>1</sup> No increase.

Mr. KEATING. I was rather interested in reading Assistant Postmaster General Murphy's testimony where he related the progress that we have made in the last 4 years salarywise. Now it is true that we did advance some the last 4 years, but it is also true that we lost out in the period when others were advancing.

In this period here the average increase in private industry was 5.3 percent a year. We averaged 1.37 percent a year for 5 solid years. But the next period shows 4.6, these people had a 4-percent increase, while we had a 3.2-percent increase. These people went over 4 percent and these people went over 5 percent. We have not kept pace with these increases.

Now in the 1960's it is rather odd the rate of increases in private industry have not been as fast as they were back in this period. But in this period when we had high acceleration of pay you saw what was happening to us—1, 2, 3, 4, 5, 6, 7 years. We had 5 years that there were no pay increases. And our pay was substandard when we went into this so-called comparability and there has been nothing to raise it to any decent standard since. It has been going downward ever since. We have had the 7 lean years, but we haven't had the 7 years of plenty, neither before nor after.

Under the present program negotiations no longer exist in a real sense. An infallible, indestructive comparability figure is presented to the Congress. It is held out to be—we are told it is a sacred figure. There is no dispute.

There is an aura woven around the word "comparability," however it is computed. The concept is regarded as infallible. With present procedures employee organizations have lost, to a great extent, the right to negotiate. Negotiations of pay within the Federal establishment is a triparti affair—the Congress, the administration, and the employees. That is what it should be.

Under the present program, negotiation no longer exists in a real sense. An infallible, indestructible comparability figure is presented to the Congress. Many vital economic considerations are ignored.

The annual review is excellent. The requirements for Presidential recommendations are good. Congress, however, should rewrite the



rules governing the complete operation. Actually it is not a study of comparability. In our opinion, it is a study of futility.

We propose that this committee, or this committee together with the Senate committee, conduct hearings on the subject of a proper pay program that does not obscure or eliminate so many vital economic factors from consideration. We propose that all pay increases be considered, and studies not be limited to a confined, limited group.

Perhaps the present program has resulted in some progress, but it has fallen far short of a vital, judicious, adequate program. Its concepts are too simple and too rigid to provide pay adjustments for postal and Federal employees.

Mr. UDALL. Thank you, Mr. Keating. I commend you and your very fine staff on your presentation. As in the past, you conducted research and presented facts and comparisons which have been most helpful to the committee. I know of no organization better prepared and of more assistance to our committee than yours. Your presentation today is certainly up to the high standards in the past.

The postal workers have had a very long history of patience, loyalty, and dedication to our country, and I certainly commend you for the restraint you have shown over the years, because I believe that you have some grievances.

I listened attentively to the testimony presented today, and I am in agreement with most, if not all, of what you had to say.

Last year, I was of the opinion that we would be in a position this year to make some real advances in the pay of postal employees.

However, everything we are doing in the Congress this year seems to be overshadowed by developments in Vietnam, and it is obvious to me that true comparability, or any kind of comparability, has gone to war.

I noticed, as I am sure you noticed, that the President's budget provided only \$350 million as a contingency fund this year. Last year, it was \$400 million. It is obvious to all of us we are going to have to supply more men and more dollars to the war effort. We are in a critical situation and, with the kind of loyalty and patriotism we have in the postal service, I know it is of the greatest concern to your organization, as it is to the President, myself, and the members of this committee.

We have made a remarkable progress in this country in the last 5 years—economic growth, continued unprecedented economic growth. Profits have risen, as you pointed out; personal income is up. The difficulty is that these figures are of little comfort when you are part of the group that isn't sharing fully in that growth, in the increase in personal income, the increase in hourly wages. This is a problem for all of us.

I share the President's concern that we have to hold price stability. Otherwise, everyone in this country will lose, by and large. For you people, it is a particularly painful dilemma. If large wage increases continue in your field and other fields, this contributes to inflation. If you don't get the pay increases, you are penalized, you are taxed by the increased inflation.

The President has done what he could in a very difficult situation. He has asked both labor and private industry to comply with these guidelines. Some have complied and some haven't. I have been advised that your organization, together with other organizations, had

conferences with some of the top advisers of the President. As a result of these conferences, the package which the President's people have presented here was developed.

My first question is a difficult one. I agree with most of the arguments you made—that you don't have comparability, that in the last 16 years while other groups of workers which you were once equal to have forged ahead and you have forged ahead at a much slower pace—but the question I ask is are you, on behalf of your organization, satisfied to accept the package proposal this year, with all the misgivings and all the arguments and all the unhappiness that you have expressed here, with which in large part I agree. Are you willing to accept this, with the hope that next year, if this dangerous military situation has improved, we will do something of a substantial nature, make some big strides toward adjusting Federal pay in keeping with that of outside industry and in keeping with facts and figures that you have outlined here so fully today?

MR. KEATING. Mr. Chairman, it is indeed a difficult question.

You recall that last year the House passed a more generous pay bill than the bill that was finally enacted into law. We thought that was fully justified, and even a little bit more was justified; that we had fully expected that this year an adequate pay bill would be enacted by the Congress.

However, the escalation of the war in Vietnam has altered this situation substantially, and if the members of our organization were asked individually what is the greatest need of the Nation today I am sure all would reply that a speedy, honorable settlement of the war in Vietnam is the paramount problem.

Most of our members have served their country in the military service in past wars. Many of them are serving today. Many others have children now out on the battlefield.

We thought we would get a larger and more adequate pay raise this year. The Vietnam war and the rigid restrictions that have been discussed here, which we may or may not agree—and you can draw your own conclusion from what we have said—including the guidelines. So this hope apparently will not be realized.

Our members are patriotic. They are more concerned with the success of the war than they are with anything else. Under this crisis that is now confronting us we feel that we are not—you asked if we are satisfied—we are not satisfied. We realize what the legislative situation is. Perhaps the best thing is to pass this package and at as early a date as possible get to consideration of a proper pay raise.

We have had several meetings with those who represent the administration. From the standpoint of the administration this is the best package that they will agree to.

We think, however, that there are two changes that are most necessary in the proposal that was sent up here. First, we object strenuously to the effective date of January 1, 1967. We think it should be effective on the 1st of March 1966.

Second, we believe that with an increase as minute as 2.84 across the board—rather than a graduated amount—it should be paid across the board. Those receiving larger salaries get more dollars out of a percentage than those getting small salaries. The amount of dollars received is very small indeed on that type of a percentage.



We sincerely hope that this committee will give favorable thought to the proposals that we have presented relative to developing a more adequate and just way of adjusting Government salaries. We hope that this will be given immediate consideration and study, and that the committee will activate itself in that direction in the very near future. We see no hope in comparability.

Mr. UDALL. Thank you, Mr. Keating. Let me say that I applaud your restraint and spirit and I applaud the patriotism of your organization which has so many people who have served in war. Let me say that if this package is enacted, there will be no workers in this country who have made a greater sacrifice, who have gone further to meet the so-called guidelines to prevent inflation as the postal workers in this country. It is ironic that they have to make the sacrifice when they are the people who have lagged furthest behind anyway, as your chart points out. It would have been far better, in my judgment, for stockholders and employees in other areas to have made greater sacrifices than to place the burden of this kind on you.

Let me say publicly, and to you personally and your organization, that the attitude you have developed will not go unnoticed by this Member of Congress, and it will be matched by my determination to do something about the things you have indicated. I believe we must move to strengthen this machinery of determining pay adjustments. It must be one that works quickly and fairly, one in which employees fully participate and are given a right to be heard.

I am greatly distressed with the figures you have cited which show that policemen and streetsweepers and others are, in larger cities particularly, making far greater pay than letter carriers and clerks.

Secondly, I have come to doubt, in the light of the figures you have indicated here about policemen and streetsweepers, and others, whether this whole concept of linkage is false, whether we must undertake some very basic reconsideration of the levels assigned to clerks and carriers, and the procedure for fixing linkage or standards for their pay.

The gentleman from Montana.

Mr. OLSEN. Thank you, Mr. Chairman.

I want to join my chairman in complimenting Mr. Keating, Mr. Rademacher, and your splendid staff on a most excellent statement.

Let me say that it doesn't look like Government employees do very well even in peace years. I was looking at your chart here for 1949 through 1965. Seems to me the war in Korea ended in 1953, but you have done very poorly in all the years.

As a matter of fact, after your bill was sabotaged in the Senate last year, you were given many promises. I was there when you were given promises about what we would do this year, and here we are, doing more poorly than we ever dreamed we would.

I would like to refer to page 3 of your statement where you quote from the AFL-CIO executive council statement. I think that the last two paragraphs are a very proper and excellent statement of position for you folks, because if labor costs don't move any faster than the gains in productivity it would seem to me that labor costs cannot be blamed for any kind of inflation. Isn't that right?

Mr. KEATING. There is a quotation from Business Outlook, that according to the Department of Commerce and the Federal Reserve,

labor cost per unit of output has dropped slightly since last fall, and today is about as low as any time in the past 6 years.

Mr. OLSEN. And that is because productivity has been increasing faster than labor cost?

Mr. KEATING. That's right. That is a February 5, 1966 report.

Mr. OLSEN. How about the letter carriers and productivity? What has been their record?

Mr. KEATING. The productivity of the letter carriers has substantially increased. They are working harder and doing more work than ever before.

Mr. OLSEN. And substantially greater than the cost of letter carriers.

Mr. KEATING. Substantially greater.

Mr. OLSEN. Then certainly your labor costs, as those of others, should not be credited with any contribution to inflation, should they?

Mr. KEATING. No, sir.

Mr. OLSEN. I am joining you in your hope for a study by the Senate and the House. I am willing to go along with this rate increase now, but I would like, at the appropriate time, to try to exact an agreement that we begin a study right now, this year. This business of next year never comes. We could have an agreement right now that we would start hearings on this study, and it could be part of the package of this bill.

It seems to me that the situation of the letter carriers and of the postal workers and Federal employees in general is getting worse, and has gotten worse ever since we passed the comparability clause in the 1961 act.

For the record, I wanted to say that early this year a spokesman for the administration said that the administration wasn't about to send up a recommendation for a pay increase unless that was going to be it. They didn't want the recommendation to be the starting point. They didn't want to be the bad guys and the Congress the good guys.

I am sorry I was not able to be here when the administration spokesman was here, but it seems to me that the administration's attitude is the best argument for why the fixing of wages better stay in the Congress. I think you would be much worse off if we delegated the authority for fixing wages to some executive body.

Mr. Chairman, I don't have anything further except to say this is a very disappointing bill, it is a more disappointing situation than last year, because I have no hope that these people are going to get treated any better next year or the year after than they are being treated this year.

Thank you.

Mr. UDALL. The gentleman from Louisiana.

Mr. MORRISON. First of all, I want to commend Mr. Keating and his associates, who have the responsibility of representing a great organization—the National Association of Letter Carriers.

I have been in the Congress for a little more than 23 years now, and ever since the House Committee on Post Office and Civil Service was created by the Reorganization Act of 1946 I have been a member of that committee. Prior to that time, I was a member of the Committee on Civil Service—before it was combined with the former Committee on Post Office and Post Roads to form the new committee.



The record shows that I have been in the center of every fight for needed adjustments in salaries of postal and other Federal employees that we have had.

I want to particularly commend the National Association of Letter Carriers for the position this great organization, and its leaders, have always taken in support of justified salary increases.

Your organization has had very responsible, effective, and dedicated leadership over the years, as it has now. You have always come forward with valuable testimony and information and worked most diligently to see that your membership obtained fair and equitable salary adjustments and fringe benefits—adjustments to which they were certainly entitled over the years.

I have never seen any pay raise legislation that was easy to have enacted. I have never seen any pay raise proposal that did not require a long, hard, fight. Most of them have finally been worked out by compromise just before adjournment of the Congress. There has always been a last minute question whether pay measures would be passed or would fail.

But on all occasions this organization has shown a degree of reasonableness and willingness to reach agreements that are definitely in the interests of the postal service and the public, while at the same time being fair to the employees concerned. Your organization has always been blessed with truly remarkable leadership, not only in Washington but in your locals and branches throughout the country. This spirit of cooperation and good, sound commonsense in the long run has helped your cause tremendously.

And so I want to emphasize that your approach has been most valuable and helpful. Your leaders are extremely able and have contributed immeasurably to the work of this committee and the Congress through their careful research, always excellent preparation, and scholarly presentations of facts and evidence that we need.

I think that the position that you have taken today, Mr. Keating and gentlemen, is in the highest tradition of your organization and the great labor movement of which you are so important a part. I am confident that all of the members share with me a very real appreciation of the difficult—indeed, the soul searching—you have experienced in taking this patriotic stand. I heartily concur in your decision that all of the other issues are overridden by one paramount national concern, and that is the cause of our country and the struggle against communism, both in Vietnam and here on the homefront. As you have so well expressed it, no one has a monopoly on patriotism and certainly you and your membership are as patriotic as any group or individual I have ever known. Members of your organization have sons fighting this very minute in Vietnam. They have always conducted themselves, in war and in peace, individually and as an organization, so as to command the respect and admiration of all Americans.

I believe deeply that for you, as an organization, to take the unselfish position you do in support of our President shows a fine sense of understanding of the situation America now faces—where we are at the turning point of success or failure in stopping expansion of international communism. The lives and welfare of hundreds of thousands of our young countrymen, who desperately need our material and moral support on the battlefield, are in the balance. Their trials and their suffering far outweigh any homefront problems of taxes or

shortages or self-denial. Your agreement to support the President's guideposts, because of the Vietnam war and other heavy obligations of the Government, deserves the highest commendation.

I know that your decision was far from easy. Of all of your considerations in reaching it, I am sure that the greatest motivation is your loyalty to your country and your patriotism. By taking your position in support of this legislation, we know that you are joining us in full measure in our hopes and prayers that hostilities in Vietnam are brought to a successful conclusion for the free world at the earliest possible time. When that has been done, you will be able to proceed—and should proceed, as other members of this committee have so eloquently stated—with measures to achieve richly deserved salary increases in accordance with the comparability principle enacted in the 1962 Pay Act.

I do not know of any organization or group that has ever risen to an occasion of national emergency and met the test of loyalty in so timely and effective a manner as you have done. You have my greatest admiration in this, which is certainly one of your finest hours.

Mr. UDALL. I thank the gentleman from Louisiana.

The gentleman from Nebraska, Mr. Cunningham.

Mr. CUNNINGHAM. May I pass for the time being? I am sorry, I had to go to a meeting of the Commerce Committee.

Mr. UDALL. The gentleman from Kansas.

Mr. ELLSWORTH. Thank you very much, Mr. Chairman.

I, too, want to compliment the witnesses this morning, their officers and their staff. Jerry Keating and Jimmy Rademacher are well known in this town and throughout the Nation as intelligent, courageous and responsible leaders of men and women in their organization. They are popular, well liked, and certainly the presentation, Mr. Keating and Mr. Rademacher, that you have made this morning adds luster to your representation, both of you.

I can assure you from the standpoint of the power of the analysis that you made in your formal presentation as well as from the standpoint of the high responsibility that you displayed in answering Chairman Udall's question when he asked the question, I certainly join with you and with others in urging, Mr. Chairman, that at the earliest possible moment we undertake, either by ourselves or with the Senate committee, a complete review and down-to-bedrock study of the entire procedure and concept, as it has operated since 1962 of comparability; and I want you to know that I will be one that is urging and pressing and working for that from this side of the aisle along with your fine leadership and the members of this committee from the other side of the aisle.

It is always a pleasure to have Mr. Keating and Mr. Rademacher with us at this committee, talking about comparability, talking about the problems of their members; and I again want to compliment both of you for the power of your presentation and for the high responsibility that you exhibited in your answer to Chairman Udall's question.

Mr. UDALL. The gentleman from New Jersey, Mr. Daniels.

Mr. DANIELS. Thank you, Mr. Chairman.

I would like to say at the outset that my failure to be present earlier this morning was not due to a lack of interest in your presen-



tation and the presentation of your colleagues and the members of your staff. It was due to the fact that I had to attend a very important meeting of the Postal Operations Subcommittee of this full committee.

I do wish to join with my colleagues in congratulating you on the leadership role that you are playing, and have played in the past, in these wage increase fights. I know that your dedication, your courageous role, and your capable and able and intelligent presentation of facts to this committee has resulted in a much better economic life for the workers that you represent, not only of your union, but the entire working force in this country.

Your representation, as the other member of this committee has stated, is well known, and I want to commend you, Mr. Rademacher, and all associated with you for this role.

As you know, Mr. Keating, the administration sent this package up to the Hill the other day, and within an hour and ten minutes this committee started work on this bill. It not only involves consideration of wage increase, but also other fringe benefits in which I am sure that you are likewise interested.

One of the proposals recommended was optional retirement of an employee after 30 years of service at the age of 55. In addition thereto, the administration desires to reserve the optional retirement feature for those in level 13 and higher. Do you care to comment on that reservation of the Government?

Mr. KEATING. The optional feature will not be exercisable in our level, it applies to those in the higher levels. As a general proposition this organization has always been opposed to the double option, we think it should be exercised entirely by the employee. That has been our position on the question of optional retirement.

Mr. DANIELS. Do you care to make a comment on the bill that I introduced with respect to increasing life insurance on Federal employees to 150 percent of their salary to the next higher thousand dollar level, wherein it is provided that on the reduction of coverage after retirement that the policy be reduced at the rate of 1 percent a month instead of 2 percent a month, and to a level of 50 percent of the principal salary instead of 25 percent?

Mr. KEATING. That is an excellent bill. First, the increase to 150 percent is the most costly, but we are for both phases.

We think probably the most important part of it is that that has to do with the reduction of the face value of the insurance policy by changing the rate of reduction from 2 to 1 percent. We think that that is an excellent piece of legislation, and we do hope, guidelines or no guidelines, that it will be adopted by this Congress.

Mr. RADEMACHER. Mr. Chairman, on the subject, please, in response to the Congressman's question, I know that Congressman Daniels, who is the very able chairman of the Subcommittee on Retirement and Insurance, is greatly disappointed, as most organizations are, in the fact that his bill, or any reference to it, was omitted.

Now I am sure that Congressman Daniels recalls that the spokesman for the Civil Service Commission appeared and urged that you take no action until the publication of the Retirement Committee's report, and then you read with keen disappointment that there is no reference whatsoever to it.

I think it would have been more than fair at that time to make such an announcement rather than to let us read about it later and get the hopes up, of you and your committee, and we and our organization. We are still solidly behind that proposal of you and your committee, and we hope that it can be enacted.

Mr. DANIELS. Well, Mr. Rademacher, inasmuch as you are familiar with the recommendations made by the administration as well as the President's message to Congress relative to this legislation, do you think there is room here in the guidelines laid down by the Government for inclusion of life insurance coverage in this bill?

Mr. RADEMACHER. Mr. Daniels, I would think that would be a matter of determination by the administration. We certainly urge, though since we testified in support of that bill, that every effort be made to secure their blessing on that legislation. A lot of people, including retirees, who would like to see it retroactive, are keenly interested in that bill, and perhaps it was overlooked by the President's Committee when they made the recommendation.

Mr. DANIELS. Thank you, Mr. Rademacher.

Mr. KEATING. It seems to me that the life insurance should not be a part of the guidelines. When the President's Committee set down their guidelines they did not include social security. Retirement should not be a part of guidelines, and I don't think life insurance should either. What their opinion is would be something else again.

Mr. DANIELS. Do you feel, Mr. Keating, that retirement legislation ought to be considered separately by my subcommittee and be part of a separate bill, separate from the pay bill?

Mr. KEATING. Well, if the result is the same I don't think the vehicle makes too much difference, and I think that it should be considered by your committee certainly, that everything that relates to retirement ought to be studied by your committee. But the question as to whether there should be one or two bills I think is one for you and Chairman Udall to decide. I think that is sort of a mutual matter.

Mr. UDALL. The Chair will say that I have some ideas on this subject which I want to discuss with my friend from New Jersey. I strongly support the bill he has introduced and I hope that we can enact it this year. There are some problems, so perhaps it should not be discussed at this particular point.

Mr. DANIELS. I will abide by your judgment, Mr. Chairman.

Mr. UDALL. The gentleman from Alabama.

Mr. BUCHANAN. Gentlemen, I want to join with the others in complimenting you on this presentation. I regret I was detained. I want to thank you for this very comprehensive report of analysis.

I join in expressing my sympathy to the members of your organization for this mirage of comparability that keeps appearing and then vanishing again on the horizon.

Like most of the members of this committee, I strongly supported the House bill last year. I felt we were making a significant step toward comparability in that bill, and I regret that it was so severely slashed in the final bill that became law. I doubly regret it in light of the situation in Vietnam, which none of us can help, an effort there which all of us support, but which nevertheless now does have a negative effect on making up this year what we failed to do last year.



I say that this thing is a comparability mirage because, as you have indicated, we haven't arrived at anything we can be certain of—of the right basis for comparability—and that we seem to have difficulty arriving at the proper linkage, as you indicated. This basis is apparently changing, and not in your favor, as the Government makes its analysis on which to base comparability.

I say mirage also because of the inflation itself which, while this income has risen in total income, so long as the goods and services one can buy keep diminishing with a given amount of dollar income then it takes a greater rise to make any real progress; and we have had the problem of inflation, which I don't think the Government employees and postal employees have caused, but from which they have suffered along with retirees and many other groups.

I think, too, Mr. Chairman, that while there is virtue in doing everything we can to hold down inflation, we are getting into conflict when we try to hold guidelines and establish comparability at the same time. It is just not exactly possible to hold Government employees to 3.2 percent when everybody else is going to take at least 3.2 percent, the guidelines to the contrary notwithstanding. So if you have one man who starts off 100 yards down the road and the second man 80 yards down the road and you never let one run any faster than the other, the second man will never catch up, and we are confronted with that problem here and I regret it.

I would, therefore, say amen to this idea of a thorough review of comparability and hope this will be done by this committee.

Finally, may I join with my colleagues in thanking you for the patriotism expressed and your willingness to accept this, which all of us recognize to be considerably less than adequate, and which does not make any progress toward comparability; for your willingness to do this in the light of the effort in Vietnam and what our boys are sacrificing there.

I think in this you are not only manifesting good leadership, Mr. Keating and Mr. Rademacher, but you are also being good representatives of the people of your organization, because I share with you the conviction that they would give first priority to Vietnam and I have complete faith in their patriotism, and therefore I believe you have done right, and I hope that in the future this committee will remember this and attempt to do everything we can to do right by you.

Mr. UDALL. The gentleman from Hawaii.

Mr. MATSUNAGA. Mr. Chairman, I tried to look at this matter from the point of view of the administration, from the point of view of the union representative, from the point of view of the employee, I looked at it as a Congressman, and I looked at it as an individual taxpayer, and I cannot but conclude that your testimony, both of you this morning, Mr. Keating, Mr. Rademacher, is one of the best that I have ever had before any committee, and I want to commend you both. I think it has made a great contribution to the deliberation which this committee must make before coming to any conclusion.

I must say that I agree with you, Mr. Keating, that I cannot agree with the administration's proposal relative to the increase in the higher levels; if there is any increase to be made because of the lack of funds at this stage of the game that the major part of the increase dollarwise ought to go to those who are really in need of those dollars.

I am inclined to agree with Mr. Keserling that we have had too much theorizing which fattens the fat and starves the lean. So I will go along with that recommendation of yours that we make that change in the administration's proposal.

As a long advocate of unionism, I was somewhat surprised at the statement made on page 5 of your testimony, Mr. Keating, the middle of the page:

While union wage increases during 1965 were greater than in previous years, this tendency was even more pronounced in the case of nonunion employment. The southern textile industry, for example, granted three rounds of wage increases in a period of approximately 18 months. We also find that earnings for a selected group of occupations have been rising more rapidly in the less unionized areas than in the more highly organized areas.

This wouldn't speak too well for the unions. I was wondering what the explanation could be.

Mr. KEATING. Well, that is the statement made by Arthur Ross, the Commissioner of BLS. That is his comment based upon his studies. It wasn't our comment; it was his comment.

Mr. MATSUNAGA. Yes, I know, but—

Mr. KEATING. I don't understand it either. I was a little confused by that, too. That is the comment he made.

Actually another point in our comparability that makes it difficult where they compare us with GS-5, the clerical people, they are unorganized and their salaries have not advanced greatly. Now if the nonunion wages did advance, I think it was over a limited period, it was just one of those things that happened to occur. But on a long-range basis this isn't true. Union wages are far superior to nonunion wages in every industry, and on a short-term basis you might get an advance in nonunion wages that would be superior to union wages in a given area.

I might also point out when we come to comparability figures in making the comparison there are no figures taken from either Hawaii or Alaska in making that comparison. They are taken from 48 States. But our two new States are not included.

Now I think a valid comparison ought to include the 50 States because I don't think that the people in Hawaii ought to be compelled to exist on the salary scale that is paid in the poorest States economic-wise in the United States. I think that their wages ought to be taken into the comparison if we are going to have real comparability.

Mr. UDALL. Will the gentleman yield?

I noticed with some interest, in the light of the past opposition of your organization to including city, municipal and State employees in comparability studies, the very high pay that is paid in some areas to policemen and street sweepers. I wonder if we are not falling farther behind. Maybe it would be to your advantage, at some point, to include city, local, and State employees.

Mr. KEATING. It would in some areas. I think that the extremely low wages should not be used in a real comparable study. The administration is dedicated in trying to bring up the standard of wages—we hear a lot of talk about minimum wages. Now if we are going to go down and dig in the cellar to get those wages to comparability you are not getting a good comparability. It is inconsistent with everything else that is said, and you leave off the top ones but you



don't leave off the bottom ones. If you are going to leave anyone off it ought to be the ones on the bottom.

Mr. RADEMACHER. Mr. Matsunaga, this is an observation regarding the southern textile industry. There are many industries in our country who are forced to continue to increase wages to keep unions out. This is a historic policy with some organizations, some firms, and I am sure it is evident in some of the textile industry also.

Mr. MATSUNAGA. But isn't it true that in these areas mentioned by Mr. Ross the wages are still lower than the regular union wages?

Mr. RADEMACHER. They are still low, but by giving people a wage increase every 6 months they are satisfying some of the people to keep the union out. But certainly the wages of the textile industry are nowhere in line with union wages.

Mr. KEATING. Extremely low.

Mr. MATSUNAGA. So it is somewhat misleading to make a statement such as this without quoting the actual dollar earnings of the workers. This is the point I was trying to bring out and had hoped that you would bring out.

But I am inclined to agree with you, too, that comparability should not be down at the lower level. I have always been doubtful about this theory of comparability because the Federal Government which sets minimum standards ought to be able to set the pace in the lower levels, and we know that in private industry those at the low levels are so lowly paid and so poorly paid to the point where the Federal Government has had to institute poverty programs; and if we are to spend any money on poverty programs the Federal Government certainly ought to set a minimum standard where those receiving Government salaries ought not to be on poverty programs, and I am definitely in agreement with you that we should not apply the theory of comparability at the lower levels.

I wish again to commend you both for the wonderful testimony you both presented.

Mr. UDALL. The Chair observes that we have only 15 minutes before the House goes into session. Two of our most diligent members, Mr. Krebs and Mr. Cunningham, have not been heard. Without objection, we will continue in order that they be recognized.

Mr. Cunningham, I passed you by. Do you care to go first?

Mr. CUNNINGHAM. Well, I certainly want to join with the other members in the compliments that have been directed to Mr. Keating and Mr. Rademacher.

The administration proposal is a 3.2 increase and within a so-called guideline—but I notice in the first three grades there is only a 1-percent increase, and I am talking about pay, and this is the old problem of not taking care of the people that need it the most, because when you get up to grade 11 it is 3.5 increase; 12, it is 3.9; 13, it is 4.2; 14, it is 4.4; and 15, it is 4.5.

Now starting with grade 11, 3.5, and going to grade 15, 4.5. What happens to the so-called 3.2 guideline?

Mr. KEATING. Well, they take the overall like the steel settlement, for example, they say that came out 3.2. There are 32 separate wage schedules in the steel plants. So some of them—and unfortunately, in the steel, too, from what I read—the people in the lower levels got the smaller percentage and some of those in the middle or

higher levels got the higher percentage, and there has been some dissatisfaction in the steel industry because of that.

Now we believe that where you get a minimum wage or a small increase like this that it should be across the board, rather than some buildup.

They talk about reaching comparability, but, frankly, they have a more favorable comparison of pay in the higher levels than they do in the lower levels.

Mr. CUNNINGHAM. Well, isn't it the same old story we have heard so long, that of bringing the higher grades up fast to gain comparability, but the lower grades are falling farther and farther behind because they don't nearly come up to the standards of comparability, and we have had that before us almost every year?

Mr. KEATING. We think that the recommendation ought to be changed to give the 2.84 to everybody, rather than this 1 to 4½ percent.

Mr. CUNNINGHAM. Well, I would agree with you, and I don't like to have the public misled because in these other grades the increase is much higher, and I think the public ought to know about it.

Well, that is all I have, Mr. Chairman.

Mr. UDALL. The gentlemen from New Jersey, Mr. Krebs.

Mr. KREBS. Thank you, Mr. Chairman. I want to say that I, too, commend both Mr. Keating and Mr. Rademacher on their very excellent and informative and comprehensive prepared statements here this morning.

I want to say, too, and I think that honesty dictates that I do this—it may not be a popular or smart political thing for me to say, but I have to say that I am disappointed in the administration's guidelines. I think they are inadequate. I don't believe that they reflect the true picture, and I would much rather say that here on the record than down in some dark bar, or men's room, or somewhere.

This doesn't suggest that I am antiadministration. I think my voting record in my first year in the Congress indicates where I stand. I think that there comes a time when you feel you don't agree with something, you have to be a man and stand up and say it publicly.

I think, too, that the whole question of inflation is one that hasn't been satisfactorily conveyed to me. I don't believe that the threat of inflation is nearly so great as some would have you think. I think that if, in fact, inflation is so great—and I want to say also in that connection that I am not unpatriotic, and I subscribe to the overwhelming majority of the administration's program—but if inflation is truly the threat that it has been painted to be, then I say the whole economy and the whole populace ought to share the burden of shouldering the responsibility, and not just 2.4 million Federal civil service workers or any other isolated segment of our work force in this country; and I believe that this is something that ought to be studied not just by one group of economists or advisory board. I think this is a total public problem if it does exist, and I believe that a commission ought to be set up by the President composed of members of industry, business, and the public, and a comprehensive and profound look ought to be taken into this whole question of our economy and inflation and the dangers facing us, and recommendations from the broadest possible group of experts ought to be presented to the Congress, and



they ought to be the recommendations that guide our deliberations and our legislation.

I think, too, that the whole question of doing something affirmative and quick about the question of civil service salaries is something that should be dealt with in the proposed Senate-House committee, and I believe that we ought to get on with that quickly, and I support it completely, also.

Now there are some questions that I believe ought to be asked because of some statements put in the record, and I believe these statements ought to be explored from a couple of angles.

No. 1, there was much talk made by Mr. Macy here when he presented his testimony on Monday about how much comparability we have achieved. He made statements about comparability now being accomplished through grade 5, and as hard as I try, I can't find this to be the case. As a matter of fact, I think we are getting farther behind.

There were also questions of surveys upon which the proposed administration increases were predicated, and it is my humble judgment that if these were utilized it makes a greater gap between comparability and where we stand today. And I rather think that we are a long, long way from acquiring comparability. I would like to ask you, Mr. Keating, what do you think the actual fact is in terms of: Have we accomplished comparability? If we haven't, how far from it are we and what do we do about it?

Mr. KEATING. To begin with, of course we don't agree with the present basis of comparability, Mr. Krebs. But I might point out that 2 years ago when Chairman Macy appeared before this committee he stated we were 3 years behind in the lower levels. Now he states that with the proposed adjustments we will reach full comparability. How we got there I don't know. It must have been by magic. It hasn't been by legislation. If we have reached comparability it was from the darker recesses of magic rather than legislation. We are still 3 years behind.

Mr. KREBS. May I interrupt? We are 3 years behind comparability now, the study upon which these recommendations were based was released for publication the end of February or the beginning of March, 1965, and the resultant increases are not to go into effect until January 1, 1967, which is a 23-month span; and then if you put these increases into effect on January 1, 1967 and they prevail until December 31, 1968, according to my arithmetic you have an additional gap of 35 months. How do you relate this to the total?

Mr. KEATING. In addition to that, they have had a year's study in compiling these figures.

Mr. KREBS. The figures then were 1964 figures, or earlier?

Mr. KEATING. They went back and most of the figures come from 1964. While they were published in February and March, they were taken in 1964. They didn't take a survey over a 12-month period. They investigated in a certain given area, and most of them were taken in 1964. So these are old to start with. These were old when they were published.

Mr. KREBS. And you don't believe then that we truly have achieved comparability through grade 5 or through grade anything?

Mr. KEATING. We don't have any comparability any place, in either the postal or GS schedule. They say we are past compara-

bility, but I don't know how we got there. They admitted some years ago we weren't there, and now we are there without a trip.

Mr. KREBS. One other thing: How do you feel about the distribution of our wealth in this country? We have gone in 1932 from a \$50 billion a year gross national product to a projected gross national product in 1970 for 1974 of \$700 billion. Do you think that working people generally have gotten an equitable share of this growth?

Mr. KEATING. I think the opposite is true. We quoted here examples of the increases in profits, dividends have increased substantially, both over 10 percent. Interest rates have gone up now for 2 years, prime rate has gone up a half a percent both in the Federal Reserve and in the commercial banks. So the people that lend money are doing pretty well.

Labor, on the other hand, has had increases much less than that.

I have here a chart that goes back to 1959, and it shows the consumer price index at 100 at that time and the factory unit labor cost at 100. Now at the end of 1965 the consumer price index had gone up to 109.4, but the factory labor unit cost had gone down to 96.9, and this was published in Business Week. It indicates that the labor portion of our income is becoming less, and certainly in the case of Federal employees it is becoming substantially less.

Mr. KREBS. Let me ask you this: It is my curbstone recollection that the average increase of productivity in this country for the last 10 or 15 years has been 3.6 or 3.7 percent. If you and your letter carriers had gotten a 3.6 or 3.7 percent increase each year would you be any further ahead than where this chart indicates you are?

Mr. KEATING. What is that?

Mr. KREBS. That is the chart that says in 1949 you were getting \$1.50 an hour, in 1950 you got no increase, 1951—

Mr. KEATING. If we got 3.7, yes; we would have been further ahead.

Mr. KREBS. Would it be substantial or average or moderate?

Mr. KEATING. Although, frankly, the average in that chart runs a little bit better than that. I think the average is a little higher than that because you had about 5 years where it went over 5 percent, and the second period of years it went 4 percent, and it is only in the last 5 years that it has been less than 4 percent.

Mr. KREBS. Yes, but you have 17 years here where 9 of the 17, better than 50 percent, you got no increase, so it had to be substantially larger than 5 percent a couple of years to bring it up to 3.7. All right, a few more questions. It was testified here that the administration or the Post Office Department or the Civil Service Commission, it was Mr. Murphy's testimony, considers the post office a continuous operation industry. Do you agree with that?

Mr. KEATING. Well, some employees work continuously. It is not a continuous operation in many areas. Some of the smaller offices are closed completely at night. Most of them close part of the 24 hours. There is a limited number of people that work, and of course, the services are not available around the clock. They are not available nearly as much as they used to be.

Mr. KREBS. I know there are some employees that work continuous shifts, but on balance you can't buy a postage stamp in the State of New Jersey after 12 o'clock on Saturdays; you can't send a registered letter on Sunday; nowhere in the State of New Jersey can you get



into a post office. They are all closed. You can't buy a postage stamp in New Jersey at 4 o'clock in the morning, week night, or Sunday or Saturday nights. So it would not be, in my judgment, a continuous operation industry.

Mr. KEATING. Your mail is not picked up after 5 or 6 o'clock in many cities.

Mr. KREBS. All right, and I will try to make these as brief—Mr. Chairman, how much time do I have?

Mr. UDALL. The gentleman has about 1 minute.

Mr. KREBS. Another statement was made that the workers in the post office system should be compared with nonproductive or white-collar workers. Do you agree with this?

Mr. KEATING. I think we should be compared with productive workers; it is not a white-collar job.

Mr. KREBS. I have a lot more questions, Mr. Chairman. But in view of the time limitations, I am finished.

Mr. UDALL. Let the Chair make one statement which I neglected to make. Mr. Rademacher made a very compelling presentation on the uniform allowance. I am disturbed by the action taken by the administration, and this is the sentiment shared by most of the members of this subcommittee. I will direct the staff to prepare appropriate language for insertion in our report because the intention was very clear that the uniform allowance would be increased, and the members would get the benefit of it. If it takes more legislation to carry out that intent, I am going to see that it is written.

At the very least, we are bound to have strong language in our report indicating the committee's determination to implement this law.

We thank all of you for your very helpful testimony this morning.

This subcommittee will meet again on Friday at 10 o'clock in this room. It stands adjourned until that time.

(Whereupon, at 12:03 p.m., the subcommittee adjourned, to reconvene Friday, March 11, 1966, at 10 a.m.)





## FEDERAL SALARIES AND FRINGE BENEFITS

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FRIDAY, MARCH 11, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10 a.m., in room 215, Cannon Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order for the further consideration of Federal salaries and fringe benefits. The witnesses scheduled this morning are Mr. Hallbeck, Mr. Goodman, and Mr. O'Dwyer. We have approximately 2 hours this morning, but since the House is not in session, we could sit during the lunch hour or this afternoon, if need be.

The Chair recognizes that each of the three scheduled witnesses speaks for organizations having tens of thousands of members. The Chair is anxious to hear all that these witnesses feel should be said.

At the same time, the Chair would urge that we expedite the hearings by moving along as rapidly as possible.

From our past experience with these witnesses, we know that we will have their cooperation.

The first witness is Mr. E. C. Hallbeck, who is president of United Federation of Postal Clerks, accompanied by our old friend, Pat Nilan. We are happy to have you both here. You may proceed.

### STATEMENT OF E. C. HALLBECK, PRESIDENT, UNITED FEDERATION OF POSTAL CLERKS

Mr. HALLBECK. Thank you, Mr. Chairman. I am, of course, glad to again have an opportunity to appear before this committee.

I first want to express our appreciation for this opportunity to express the views of the United Federation of Postal Clerks with respect to pending salary legislation to this distinguished committee.

I am accompanied this morning by our legislative director, Mr. Patrick J. Nilan, and with your permission each of us will discuss particular portions of the bills before you.

We believe that most postal and Federal employees are truly appreciative of the many forward steps taken by the administration and the Congress in recent years toward better pay for postal and classified workers.

We are mindful and grateful for the interest and initiatives of President Johnson, and before him, President Kennedy, in this and related fields.

We recognize that the best interests and welfare of all employees of the Federal Government are of paramount interest to the Congress, as well as the President and the administration.

We also know that postal and Federal employees are concerned about the administration's attempt to promote the continuation of an unprecedented 6-month peacetime economic boom, while at the same time restraining an excessive inflationary trend which could serve to dilute the benefits of such expansion and the growing prosperity which accompanies it.

We know that postal and Federal employees want to do their share in promoting the best interests of their country, and are just as willing to exercise necessary restraints as are any other patriotic citizens of this great country of ours. However, they believe that the pursuit of their best interests is not incompatible with this concern for the objectives of their country and the administration.

There is no single, "one-shot" invariable answer to the complex problem we are discussing today. Therefore we hope that what we present today in our statements will be recognized as what we believe to be in the best interests of our constituents—the Nation's postal clerks—while at the same time not being incompatible with national and administrative objectives.

This committee has before it a number of bills designed to provide urgently needed salary increases, as well as a proposal submitted to the Congress by President Johnson. We are grateful to the members of this committee and others who have introduced this legislation.

Most, if not all, of the bills introduced to date provide for a salary increase of approximately 7 percent. We believe that an increase of that amount can readily be justified. For the past several years the wages of employees in private industry have been increasing at a rate of approximately 3 percent a year and there is every reason to believe that this trend will continue.

According to a BLS survey, Federal salaries were lagging something between 2½ and 3 percent behind the wage paid in private industry as of March 1965. Assuming, as I think reasonable, that the normal annual increase in industry salaries has been 3 percent, we take the position that a pay raise effective right now of 6 percent would be necessary to bring Federal salaries reasonably into line with those currently being paid in private industry.

In addition, we believe that there has to be an additional upward adjustment of at least 1 percent in order to reflect changes now taking place.

One of the subjects to which I want to address my statement this morning is comparability. Over the years the Congress has demonstrated its awareness of the need of attaining realistic and meaningful comparability between postal and classified pay rates in the Federal service and the national average rates in private enterprise for equal skills, training and duties most comparable with those of our membership.

But if the application of such a comparability test awards to some workers—some postal clerks—less than they are entitled to under the administration's proposed wage guideline, doesn't it fall short of the mark?

The wages of postal and Federal employees have for years lagged far behind the wages of comparable employees in private industry. Salary increases, when they have been granted, have always been a year or 2 years, or more, behind the times.

If postal employees were to be granted a wage increase today that would make their current wage comparable with the wage paid to



employees in private industry for work requiring the same measure of skill, training and intelligence, they would receive increases of at least 7 percent.

Instead, this committee has before it the administration proposal which would raise Federal wages by an overall average of 2.84 percent. Statistics upon which this recommendation is based were gathered by the Bureau of Labor Statistics during a period which ended in March of 1965. For the most part, therefore, they reflect the wage paid during the year 1964. It was a wage higher than Federal and postal employees were paid during the year 1965. However, the administration proposal would only make the wage paid in private industry in 1964 payable to Federal employees effective January 1 of 1967, thus further widening the existing pay gap.

Adopting the administration recommendations and making them effective as of right now would, at best, raise Federal salaries only to a level that existed in private industry at the time the survey was made. It would not relate the Federal wage to the wage currently being paid in private industry.

If the increase is delayed until January of 1967 as has been proposed, the lag will be increased another year. We believe that any increase should be immediately effective.

We believe that the Congress and the administration have a responsibility to see that the current 2- or 3-year lag is eliminated. The Congress and the administration must recognize that a time lag of 2 or 3 years makes true comparability impossible.

In point of fact, comparability will never be attained until wage increases are made retroactive to the time of the Bureau of Labor Statistics survey. Anything less than this means that Government employees will be deprived of income they should have received during the period covered by the survey and prior to adjustments being made.

The Salary Reform Act of 1962 established procedures for periodic wage adjustments, based on annual surveys by the Bureau of Labor Statistics from which the Bureau of the Budget and the Civil Service Commission would make recommendations to the President for necessary changes in the wage structure that would insure comparability between the wage paid in private industry and the wage paid by the Federal Government for similar work.

We endorsed the principles of the 1962 Pay Act because we had hopes that under the inspired leadership of President Kennedy, and with the assistance of the then Secretary of Labor, Mr. Arthur Goldberg, that at long last there would be an opportunity to put Federal and postal employee wages on a basis that would insure at least a measure of economic justice. As a result of the experience we have had, I am not at all sure that we would again endorse such a proposal.

The simple truth is that the principle of comparability has not worked. It has not been allowed to work. Comparability has been sacrificed to budgetary expediency, to guidelines, to delays. As far as we are concerned, it can be put on ice until such time as this committee can give it further study.

We despair of ever achieving true comparability for post office clerks under the present act. Presently, the vast majority of our people are in PFS level 4, which by "linkage" is equated with level 5 of the GS schedule. GS-5 represents for the most part an extremely

low-salaried, white-collar group, people it would be extremely hard to find in the postal service.

The work that our people do would more appropriately be compared to the blue-collar skilled trades group, for which there is no counterpart in the GS schedules.

Comparability, if it is to mean anything at all, requires that the comparison be of like things. You cannot compare an apple and an onion and say they compare with each other merely because they are of approximately the same size and weight.

It seems to us, therefore, that there is a pressing and immediate need for a complete reappraisal of the 1962 Salary Reform Act in the light of the experience of the past 4 years. We believe that such reappraisal would result in significant amendments to the act.

I am confident that such a study would, in the case of our people, at least, provide a more realistic formula for comparing and determining future wages. I hope that this committee will give early attention to a complete reappraisal. In the meantime, the entire theory of comparability can be put in a deep freeze because it isn't working anyhow.

In the face of growing signs of unusual prosperity, the President has strongly and repeatedly emphasized adherence to the administration's guidelines. The guideline figure has been decreed to be 3.2 percent, which is supposed to approximate the rate at which productivity has been increasing throughout the Nation. We understand, however, that the Nation's productivity increase would have been calculated at 3.6 percent if the Council had used the same formula it used in every single previous year in which it has ever calculated guidelines.

The credibility of the administration's wage policy was not improved by the Council's explanation that it would simply be "inappropriate" to raise the guidelines.

The claim is that a 5-year period for calculating productivity is not long enough. We are not going to argue the merits of a longer or shorter period of time calculation. But postal workers and all Government workers are living in the "here and now" and they simply need and deserve their fair share of the Nation's increasing productivity in order to help them fulfill their hopes and aspirations, and, further, to permit them to continue to enter consumer markets with their dollars to help perpetuate our country's high levels of production and prosperity.

Organized labor has opposed the Government's wage guideline policy as prejudicial and unfair to labor, unjustly permissive to management, and tending to award the major benefits of prosperity to investors, managers and employers in general, while denying a fair share to wage earners.

By discarding its own rules for calculating the wage guideline, states a recent report of the Economic Policy Committee of the AFL-CIO—

in flagrant effort to keep it low, the Council of Economic Advisers has destroyed the guideline's credibility, has helped to accelerate the shift of incomes away from wage and salary earners to other groups in the economy and has added to imbalances that can undermine healthy economic growth. Neither trade unionists nor members of the public at large can be expected to accept such a one-sided shift in the method of arriving at the guideline figure.



The theory supporting the "guidelines" is that average worker earnings should increase to the same degree that average productivity increases. Or, stated another way, when productivity increases—when output per unit of input, per worker increases—the gains of this increasing productivity should be shared with the workers.

It should be recognized that when there is increasing productivity—and there certainly has been in recent years—the gains of it accrue immediately to the employer. He already has "his," so to speak.

Increased productivity, whether it be in Government or private industry or business, is a matter of fact. It is then the responsibility of the employer, in Government or elsewhere, to pass these gains on to his workers who make them possible—to share the gains.

The employer can do this by lowering his prices—and I must say we have to look hard and long to find cases of this—or by increasing his wage payments to them.

We are painfully aware of the fact that the wage-price guideline on which the administration recommendations are based currently, provides for increases of not to exceed 3.2 percent. This is the guideline that has been set up for all wages, public and private. However, there are very significant differences in application.

In the private sector, the wage-price guideline is applied solely to workers. It is not applied to management, and management wage increases have far exceeded the guideline.

In the Federal sector it is proposed to dilute the value of the 3.2-percent guideline by making it applicable not only to workers, but to management as well, and to give management by far the largest dollar and percentage increases.

We propose that the maximum increases allowable under the guideline be applied across the board and solely to those in the nonmanagerial levels. We do not believe there is any more justification for diluting the possible benefits that could accrue to postal and Federal workers by including management personnel, than there would be for diluting the possible benefits that could accrue to the steelworkers, for example, by including increases for the presidents and other management officials of the steel corporations in adjusting steel wages.

Spreading the allowable increases under the guideline among exactly the same kind of people who would be covered in a similar situation in private industry, will permit a more realistic division of the "pie" among postal and classified workers. Management can always take care of itself in other ways, such as upgrading of positions.

This course of action will certainly make possible across-the-board increases to those to whom they would properly apply considerably in excess of those proposed in the President's message to the Congress.

I see no purpose at this time in submitting for the record repetitive examples of what the committee already knows. Each member of this committee is fully aware of the changes that have taken place in wage levels in his own, and other parts of the country. I am confident that without exception every member of this committee knows that wages in private industry have always gone up faster than wages in Government. They know also that private wages are continuing, and will continue, to rise. The simple truth is that Government wages have never kept up with the wages in private industry.

The administration proposes to restrain wages and prices through the device of voluntary wage-price guidelines, guidelines which now

seem to be less than valid and certainly suspect. The voluntary feature has more expression outside of Government than inside it, we all know.

"Consultation" and the opportunity to make statements before the distinguished members of the subcommittee we appreciate, but in the final analysis we can only acquiesce in the bill which is finally passed.

We hope we can also applaud what you and the other Members of Congress finally see fit to extend to our members and other Federal employees as a just and fair salary-benefit package.

Labor and wages have not made a net contribution to any inflationary pressures which may exist. This is because the increase in workers' earnings has been less than increases in productivity.

In his Economic Report, the President has stated that unit labor costs in the national economy "have barely moved as gains in productivity have largely offset moderate increases in hourly labor costs." We believe it is even more significant that the Economic Report showed that in the key manufacturing sector, unit labor costs have been in a declining trend since 1960—having declined eight-tenths of 1 percent in 1965 alone.

It seems clear that in the major industries where productivity has continued to rise—where unit costs have decreased through more efficient production—prices have been set by factors which have little or nothing to do with labor costs. If this is true, where is the linkage feared by the administration between wages and inflation?

Despite this record of relatively stable unit labor costs in the economy as a whole and declining costs of labor per unit in manufacturing, the level of consumer prices has risen over 1 percent per year in recent years and wholesale prices have increased 4½ percent during the past 18 months. To illustrate this distinction between wage increases and price increases, I quote the AFL-CIO policy committee's recent report to the executive council.

In unorganized companies, wages are set unilaterally by the employer. Where employees are represented by unions, wages are determined jointly, through collective bargaining, with the restraint of employer resistance.

In addition, millions of employees in major industries are covered by long-term agreements, that provide extensive periods of time before they are subject to renegotiation.

On the other hand, prices in several key industries are effectively set by a few top executives of the dominant corporations and in many other industries prices respond to immediate market opportunities with little if any regard for costs.

When prices are detached from unit costs they cease to reflect efficiency or productivity. It follows, then, that the problem of rising prices cannot be attacked by limiting wages to an arbitrary level based upon an estimate of efficiency and costs.

The United Federation of Postal Clerks submits that in its efforts to hold down wages through the wage-guideline policy, the administration has ignored the main pressure against stability in the economy—prices and resulting excess profits.

The Commerce Department reported in February that dividends paid by U.S. corporations during 1965 were up to 10.25 percent over 1964 and totaled \$19.5 billion—and this report covered only 20 industry groups.

In a study of 13 major corporations during 1965—see attached table—it will be seen that net profits after taxes of these 13 major corporations averaged 33.8 percent over the previous year. The



profits of some of these corporations were as high as 74 and 76 percent over the previous year.

Quite frankly, we believe that it is going to take more than wage-price controls to do the job. Any burdens should be shared by all, not just those least able to bear them.

At this time, and with the approval of the committee, I would like to ask Mr. Patrick J. Nilan, our legislative director, to present our views with respect to other features of the President's proposals and bills pending before this committee.

Mr. UDALL. We would be happy to hear from Mr. Nilan. Before that, the Chair would ask unanimous consent for the table attached to your statement to appear in the record. Without objection, it is so ordered.

(The table follows:)

*Net profit after taxes of 13 major corporations, 1964 and 1965*

(Dollars in millions)

Corporation	1964	1965	Percent increase in profits
United Air Lines.....	\$9.60	\$14.57	+51.8
General Motors.....	1,137.77	1,274.84	+12.0
Ford Motors.....	324.00	438.10	+35.2
General Electric.....	134.41	167.31	+24.5
Radio Corp. of America.....	37.60	43.90	+16.8
Westinghouse.....	28.43	49.60	+74.5
Allis-Chalmers.....	6.27	11.04	+76.1
Bethlehem Steel.....	68.66	89.20	+29.9
United States Steel.....	112.24	154.82	+37.9
General Tire & Rubber.....	16.90	19.22	+13.7
Goodrich.....	6.57	9.10	+38.5
Goodyear.....	19.97	22.17	+11.0
U.S. Rubber.....	6.54	7.74	+18.3

NOTE.—Statistics from Standard & Poor's Compendium of American Industries issued in December 1965.

Mr. UDALL. I suppose someone might suggest that we have guidelines for dividends for stockholders if we are going to have them on employees.

Mr. HALLBECK. I think it not at all unreasonable.

Mr. UDALL. All right. Thank you. Mr. Nilan, you may proceed.

**STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR,  
UNITED FEDERATION OF POSTAL CLERKS, AFL-CIO**

Mr. NILAN. Mr. Chairman and members of the joint subcommittee, thank you very much for the opportunity to present some additional views of the United Federation of Postal Clerks concerning compensation, retirement, health benefits, and life insurance.

First, Mr. Chairman, we urge this committee to consider enactment of the overtime proposals provided in H.R. 12094, as follows:

(1) Overtime for all hours of work in excess of 8 hours in any 1 day for all substitute postal employees.

(2) Each employee shall be paid for all work in excess of 8 hours in 1 day at the rate of 150 percent of his hourly basic compensation.

(3) Each employee who performs work on Saturdays shall be paid at the rate of 150 percent of his hourly basic compensation.

(4) Each employee who performs work on Sundays or on a day referred to as a holiday in section 87b of title 5 or on a day designated

by Executive order as a holiday for Federal employees generally shall be paid at the rate of 200 percent of his hourly basic compensation.

Mr. Chairman, we also appreciate Mr. Paul Krebs of this committee introducing legislation in this regard.

Mr. Chairman, we also urge this committee to consider the enactment of legislation which would specifically establish a Monday through Friday basic workweek for all postal employees with the overtime compensation to be paid as outlined in the above sections (1) through (4).

We respectfully suggest to this committee that it is most important that legislation be enacted into law as promptly as possible to compensate substitute postal employees at the rate of time and one-half overtime pay for all hours worked in excess of 8 hours each day. It is indeed tragic that the Government, which should be a model employer, insists that substitutes are not entitled to the same consideration as other regular employees when working more than 8 hours a day.

Mr. Chairman, we do not intend to belabor this point as we certainly believe that this committee and the U.S. House of Representatives received ample documentation during the 1st session of the 89th Congress in support of overtime pay for substitutes after 8 hours a day, as was indicated in the House approval of the original 1965 salary legislation, H.R. 10281.

We would, however, certainly suggest that the testimony presented by Assistant Postmaster General Richard J. Murphy before this committee on March 8, 1966, concerning overtime practices in private industry for hourly rate employees—which substitute employees in the postal service are by law—supports our contention that this Congress should approve such overtime pay. I refer to only one part of Mr. Murphy's testimony as an indication of support for our position, and I quote:

Of 400 contracts reviewed by the Bureau of National Affairs, 90 percent specified time and one-half for overtime after 8 hours in 1 day.

Regretfully, Mr. Murphy went on to say:

But we ought not to look at these facts as appropriate comparisons with our substitutes. Our substitutes are really a unique group.

Mr. Chairman and members of the committee, I suggest that as long as substitute employees are not paid time and one-half overtime rates for hours of work in excess of 8 hours in 1 day that those substitutes really are a unique group, as Mr. Murphy suggests. We believe there can be no question but that the Post Office Department is completely out of step with enlightened private sector overtime practices in refusing to realistically endorse and recommend overtime pay for substitutes after 8 hours in each workday. We sincerely urge your consideration of this important legislative proposal during this session of the Congress.

Mr. Chairman and members of the committee, when Assistant Postmaster General Richard Murphy appeared before this committee on March 8, he also referred to "other bills now pending before you as they relate to premium or special pay considerations for postal employees."

At that time Mr. Murphy emphatically endorsed a proposal to extend the maximum number of consecutive hours during which



a postal employee may be worked or be available for work from 12 hours, as presently provided in Public Law 89-301, to 15 hours a day. We are absolutely not in agreement with this expression by Mr. Murphy and the Post Office Department.

The United Federation of Postal Clerks would consider such legislation a distinct backward step and completely unnecessary. To avoid any possible misunderstanding, the United Federation of Postal Clerks is absolutely, unequivocally, and 100 percent opposed to this proposal by the Post Office Department and strongly urges this committee and the Congress to retain a 12-hour-work-span limitation as presently provided in Public Law 89-301, and this 12-hour limitation should be the absolute limit for any workday.

We also must state, Mr. Chairman, that contrary to the suggestions by Mr. Murphy and Mr. Swygert of the Post Office Department before this committee, that we as a union have received a comparative handful of complaints on this 12-hour-work-span limitation in Public Law 89-301.

Certainly as the exclusive union representative for the Post Office Department's 245,000 postal clerks, our union would have been contacted by postal clerk employees if there was any strong objection to the 12-hour limitation by our people. I am confident, Mr. Chairman, that if the work span should happen to be increased to 15 hours a day, instead of the present 12-hour limitation, that the overwhelming majority of our postal clerk membership would vehemently complain to our union.

Also in the area of compensation, we would like to urge this committee to give consideration for enactment of legislation to correct the many inequities in pay resulting originally from Public Law 68 of the 84th Congress, enacted on June 10, 1955. These inequities were subsequently extended by the so-called Salary Reform Act of 1962, actually Public Law 87-793, approved on October 11, 1962, and Public Law 88-426, enacted on August 14, 1964.

These inequities are the direct result of the earlier decisions by Congress not to provide full credits for years of service in conversions of postal employees from salary schedules in effect prior to the enactment of Public Law 87-793 and subsequently Public Law 88-426. Unfortunately, section 114 of the latter law enacted on August 14, 1964, failed to correct these inequities and neither did Public Law 89-301 enacted during the last session of the Congress.

Rather than explain these inequities in detail during this hearing, we are including attachment A at the end of our statement to support our representations urging correction of these inequities. The proposals we are making in this regard are similar to the Dulski amendment legislation considered in previous sessions of the Congress.

Mr. Chairman and members of the committee, we regret that our testimony on fringe benefits such as retirement and health benefits must, at this time, necessarily be limited to some extent. As you know, until the President's message was received by the Congress on Monday of this week, we were not aware that fringe benefits would be included in the pay message. Also, we were unaware that all three of these important areas of employee benefits would be considered at one time before this joint subcommittee conducting the hearings on Federal employee compensation.

Therefore, we are unable to present our proposals in detail and document our position concerning each of these legislative endeavors. However, the United Federation of Postal Clerks would like to express itself for the record in each instance, including consideration of improved Federal employee life insurance benefits.

The legislative goal for improved and liberalized retirement benefits for our AFL-CIO postal clerk membership is employee-optional retirement with 30 years of service, regardless of age at no reduction in annuity. The present administration proposal falls far short of this goal, although employee-optional retirement at age 55 with 30 years of service, and the other retirement proposals would be definite improvements. This would be particularly true if employees were not required to increase their contributions by 0.5 percent to the CSC retirement system.

At the present time, Mr. Chairman, we are not convinced that the administration suggested 0.5 percent increase in contributions by employees for these benefits is necessary, and we urge the committee to inquire at length concerning any such need for increased employee contributions. Remember, this 0.5-percent increase is not just for 1 year, but each and every year of the employee's working life.

We also state, Mr. Chairman, that our organization would much more enthusiastically support the retirement legislation introduced by Congressman Dominick, V. Daniels, the distinguished chairman of this House Post Office and Civil Service Subcommittee on Retirement, Insurance, and Health Benefits; namely, H.R. 430. Also H.R. 9, the omnibus retirement bill by Congressman Arnold Olsen, certainly deserves consideration by this committee.

In the area of health benefits the 0.1-percent cost item of the so-called package proposed by the administration for increasing Government contributions to health benefit premiums is certainly totally inadequate, although it is gratifying to note that the administration has finally recognized the need for liberalization—meager though it may be—of Government contributions.

The goal of UFPC in this area is ultimate complete payment by the Government of health benefit premiums. Certainly Government should at this time contribute at least an equal share of such costs (50-50) with postal and Federal employees consistent with what we believe the minimum average practice is in private industry.

If these organization goals cannot be accomplished at this time, we urge that the administration's proposal for a two-step increase in contributions over a 2-year period starting in 1967 be combined into a single total increase based on the 0.1-percent cost item as of the effective date of this legislation.

We suggest this Mr. Chairman because it is obvious to those of us who have worked with the health benefits program, that by 1968 when the proposed legislation in the health benefits area become available, that by that time the Government contribution would then be down to 10 percent that is presently recommended in their representation.

Mr. Chairman, we are including attachment B at the end of this statement as a partial listing of representative industry which already is paying 100 percent of premium costs for health benefit coverage of their employees and dependents for the information of the committee.



I might add here that it was interesting to note that the three major automobile companies, General Motors, Chrysler, and Ford, all have 100-percent payment of premiums for employees in their respective health benefit programs.

The Federal Employees Health Benefits Act of 1959 provided that the Government will share in the cost of health benefit plans for its employees, consistent with general practice in private industry. The principle set forth in this act was that the Government's contributions "shall be 50 percent of the lowest rate charged by a carrier" of a Government-wide plan for a low-option level of benefits, within a fixed maximum and minimum. An attractive feature of this plan at that time was that employees could purchase—at their own expense—additional benefits comprising a high-option plan the cost of which would be offset, in part, by the Government's contribution to the low-option plan.

While at that time the formula appeared as an attractive feature of the program it did give rise to a number of unforeseen problems. Those employees who anticipated lower health care needs chose the low-option plan and claims against this plan have been so low that premium costs have remained stable since inception despite the steady rise in health service costs.

Since Government contributions are pegged to premium rates for the lowest level of benefits, there has been no increase in Government contributions. This is still the case, after 5 years, despite the fact that for most of those covered for high option benefits there has been an increase of 20 to 30 percent in premium rates.

Before November 1964 Government contributions covered 35 to 40 percent of the cost of high option benefits. At this ratio, an increase in premium rates equivalent to 25 percent, or approximately the amount that premium rates for high option plans increased between 1960 and 1964, would in the future if projected add 40 percent to the employee's share of the cost.

Since 85 percent of all Federal employees are enrolled in high option plans, the vast majority of Government workers are presently paying 72 percent or more of their health benefit costs. The administration's plan, as presented by Mr. Macy, would reduce this burden by only 10 percent. It would not, however, attempt to solve the problems caused by the fact that those who need health care least will continue to receive the largest share of relief from the Government. Those who need health benefits most will have to pay more from their own pockets.

To quote Mr. Macy's statement before this committee:

Increases in health insurance premiums are inevitable; they are caused by the increasing cost and the increasing use of medical care \* \* \*. In the absence of an increase in the Government's contribution, an increase in premium would be paid entirely by the employee and it would reduce his take-home pay.

As long as the Government's contribution is pegged to a plan likely to be selected by people needing a minimum of health care, these costs will continue to reduce employees' income.

Mr. Chairman, we suggest that in this important area of employee health benefits, H.R. 428, by Chairman Daniels, to increase Government contributions to \$2 biweekly for self only, and \$5 biweekly for self and family would be much more acceptable to our membership as a start at this time in the right direction.

We would like to earnestly suggest to Mr. Daniels, as chairman of the Subcommittee on Retirement, that his committee seriously consider a field investigation of the skyrocketing increases in hospital-medical costs during recent years as related to the absolute necessity to substantially increase health benefit plan premiums under the Federal program to offset these tremendous hospital-medical expenses.

We would like to quote the following statistics from the BLS Consumer Price Index as but one reason for offering this suggestion:

“(1) Medical care is up 19 percent from 1960 to 1964.

“(2) In 1960 the average cost per patient day was \$32.23, average length of stay was 7.6 days, and average cost per patient stay was \$244.53.”

However, 4 years later, in 1964 the average cost per patient day was \$41.58, average length of stay was 7.7 days, and the average cost per patient stay was \$320.17. These statistics demonstrate a 26-percent increase in hospital care expenses from 1960 to 1964.

“(3) For the 10-year period 1954-64, the cost of an average patient stay increased 89 percent, from \$169.67 to \$320.17.”

Mr. Chairman, we are also including attachment C to this statement, a reprint from a recent edition of the New York Times. I regret we do not have the date of publication available but we will make it available. This news report suggests numerous reasons for inquiring into the relationship of health benefit payments for surgeon fees and related additional charges to patients.

In concluding my testimony, Mr. Chairman and members of the committee, the United Federation of Postal Clerks would certainly be ungrateful if we did not state our appreciation to Chairman Daniels and his subcommittee for the recent hearings on H.R. 11879. This legislation by Chairman Daniels proposing to improve the Federal employees' life insurance program received the wholehearted and warm support of UFPC when we testified on February 16, 1966. We sincerely hope H.R. 11879 will be favorably reported out of Mr. Daniels' subcommittee and the full committee and enacted into law before this session of Congress adjourns.

It is doubly unfortunate the administration first not only opposed enactment of the Daniels' life insurance bill, H.R. 11879, but also refused to include any proposal on life insurance improvements in its message to the Congress on March 7, 1966. We urge enactment of H.R. 11879 in the area of employee life insurance benefits at this time, with the hope that the UFPC ultimate goal of full payment by the Government of life insurance premiums will be realized in the not-too-distant future.

We certainly appreciate the splendid cooperation of Chairman Udall and the members of his Subcommittee on Compensation for expediting hearings much earlier this year than was possible in 1965. The officers and members of the United Federation of Postal Clerks always have, and always will, appreciate the genuine interest and sympathetic understanding which the Congress of the United States always demonstrates in the problems of our people.

Thank you, Mr. Chairman and members of this joint committee, for your patience and kind indulgence in permitting the United Federation of Postal Clerks, AFL-CIO, to testify on compensation, retirement, health benefits, and life insurance before this committee



all at the same time—somewhat different than appearing before you on each of these questions separately, but all of them most important to our membership.

Thank you, Mr. Chairman.

Mr. UDALL. Thank you, Mr. Nilan and Mr. Hallbeck, for a very effective and helpful testimony. Unless there is an objection, attachments A, B, and C to the statement of Mr. Nilan will appear in the record at this point. Hearing no objection, it is so ordered.

(The attachments follow:)

In regard to the inequities being endured by many, many of our members as the result of salary acts starting in 1955 and remaining uncorrected to date, we would like to explain the problems with suggested remedial legislative proposals.

As an example, postal clerks in PFS level 4 were converted under the salary schedules of Public Law 87-793 to a new series of pay steps, 1-12, and at the same time were required to commence new anniversary dates consistent with the effective date of the law for what are generally referred to as "longevity steps." In thousands of cases, estimated potentially to be 191,000, employees lost anywhere from 2 weeks to 2 years, 11 months and 2 weeks credit toward a next higher longevity pay step. These are clerks and letter carriers in steps 8-11 of level 4.

Public Law 88-426, enacted on August 14, 1964, did not correct these inequities and did not restore credits for years of postal service for pay purposes. As a result, clerks comparatively "junior" to more "senior" clerks (up to almost 3 years junior) have continued to receive the same pay as the more senior employees. This situation also applies to letter carrier employees in level 4.

Unfortunately, there are even more glaring pay inequities where junior employees in level 4 and other salary levels are promoted to higher salary level positions and receive a higher rate of compensation than employees senior to them in these same higher pay levels.

Mr. Chairman, we cite two specific examples to explain these inequities where such promotions are involved and which would also be corrected by legislation properly crediting total years of postal service for salary purposes.

Junior clerks promoted after January 1, 1964 are receiving \$205 more per annum, at present, than senior clerks promoted prior to January 1, 1964. They perform the same duties.

Example: A mobile clerk with 25 years' service is in level 5, step 10, \$6,965. A post office clerk with the same years of service is in level 4, step 11, \$6,650.

If the post office clerk transfers to road duty (a mobile clerk) he is promoted to level 5, step 11, \$7,145. Here are two men with the same number of years in the postal service working side by side, doing the same work and one is receiving \$180 more per annum than his coworker.

Another example: Promotion from level 5, step 10 to level 7 (supervisor).

Prior to January 1, 1964: Promotion from level 5, step 10 was to level 7, step 6.

Level 5, step 10	\$6, 450
Two-step increase	330
Total	6, 780

Placed in level 7, step 6, \$6,780.

After January 1, 1964: A promotion from level 5, step 10 was to level 7, step 7.

Level 5, step 10	\$6, 615
Two-step increase	340
Total	6, 955

Since \$6,955 was higher than level 7, step 6, promotion was to level 7, step 7, \$7,150.

There are numerous such inequities, but these two examples are indicative of the need for the corrective legislation which we have suggested. The questions are why should a junior employee receive more money than a senior employee when they are both performing the same duties and why should one of two employees performing the same duties be receiving less than the other employee when they both have been in the postal service for the same length of time? We do not believe they should.

This is why we request this committee to amend section 3552 of title 39, United States Code, by adding the following new subsection:

"(e) Notwithstanding the foregoing provisions of this section, each employee—

"(1) Who, immediately prior to the first day of the first pay period which began on or after the date of enactment of the Postal Employees Salary Adjustment Act of 1962 (76 Stat. 850, Public Law 87-793), was subject to the postal field service schedule, the rural carrier schedule, or the fourth-class office schedule, and

"(2) Who is holding a position subject to any such schedule on the first day of the first pay period which begins on or after the date of enactment of this subsection, and

"(3) Who has not reached the highest step for his position; shall effective on the first day of the first pay period which begins on or after the date of enactment of this subsection—

"(A) Be placed in the appropriate step of his salary schedule determined in accordance with subsections (a), (b), and (c), of this section, on the basis of his total satisfactory postal service, without being considered to have received an equivalent increase in compensation by reason of such placement in step, or

"(B) Be retained in the existing step of his position if the application of subparagraph (A) would result in a reduction in compensation, until he is entitled to further advancement by step increases under subsections (a), (b), and (c) of this section. Credit earned prior to adjustment under this subsection and not used in computing such adjustment shall be retained for purposes of all such further advancements."

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Mr. Chairman and members of the committee, we do urge your favorable consideration of this recommendation. Justice has already been delayed much too long and "justice delayed is justice denied."

Allis-Chalmers Manufacturing Co., West Allis, Wis.  
 American Smelting & Refining Co., 120 Broadway, New York, N.Y.  
 Chain Belt Co., 4501 West Greenfield Avenue, Milwaukee, Wis.  
 Caterpillar Tractor Co., 600 West Washington Street, Peoria, Ill.  
 Continental Can Co., 633 Third Avenue, New York, N.Y.  
 Ford Motor Co., Dearborn, Mich.  
 Chrysler Corp., 341 Massachusetts Avenue, Detroit, Mich.  
 General Motors Corp., Detroit, Mich.  
 Kaiser Aluminum & Chemical Corp., 300 Lakeside Drive, Oakland, Calif.  
 American Potash & Chemical Corp., Los Angeles, Calif. (Trona, Calif. plant)  
 Fuller Brush Co., East Hartford, Conn.  
 General Insulated Wire Works, Providence, R.I.  
 Diebold, Inc., Canton, Ohio  
 Kaiser Gypsum Co., Inc., Oakland, Calif. (Long Beach plant)  
 International Resistance Co., Philadelphia, Pa.  
 Iowa Power & Light Co., Des Moines, Iowa  
 Motor Wheel Corp., Lansing, Mich.  
 New England Telephone & Telegraph Co., Boston, Mass.  
 The Tappan Co., Mansfield, Ohio  
 Xerox Corp., Rochester, N.Y.  
 Pabst Brewing Co., Milwaukee, Wis.  
 L. J. Wing Manufacturing Co., Linden, N.J.  
 Weirton Steel Co., Weirton, W. Va.  
 Youngstown Foundry & Machine Co., Youngstown, Ohio  
 Inland Steel Co., Chicago, Ill.  
 United States Steel Corp., New York, N.Y.  
 Revere Sugar Refinery, Charlestown, Mass.  
 National Acme Co., Cleveland, Ohio  
 Vancouver Plywood Co., Vancouver, Wash.

As early as 1963, BLS figures show that it was an increasing practice in private industry that all health benefit costs would be paid by the employer. A BLS survey for that year showed that well over one-half of the industries sampled, paid all health benefit costs for their employees. We are satisfied that this trend has continued and that noncontributory health plans are more widespread now than



3 years ago. While we do not propose immediate assumption by the Government of all health benefits costs, we again suggest that payment of 50 percent of these costs would be much more consistent with private industry than the 38 percent level proposed by the administration.

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[From the New York Times]

#### SURGICAL BENEFIT SEEN AS LAGGING—STUDY FINDS FEES OUTPACE INSURANCE REIMBURSEMENTS

(By Damon Stetson)

NEW YORK, November 17.—A study of 12 employer-employee health and welfare plans has indicated that surgeons' fees were increased as the schedule of allowances for operations was raised.

The survey, conducted by the New York Labor-Management Council of Health and Welfare Plans, Inc., showed that bills of surgeons were on the average almost 100 percent more than the amount reimbursed by surgical fee insurance.

The study concluded that patients had to match out of their own pockets almost as much as they received from insurance. Put another way, it said, average insurance reimbursements cover 57 percent of the average surgeon's bill, with the patient paying the remaining 43 percent.

#### FEES CALLED UNREASONABLE

Efrem Kahn, chairman of the council and president of E. A. Kahn & Co., and Jay Rubin, cochairman and president of the New York Hotel Trades Council, said "Funds included in the study are typical of those covering millions of New Yorkers."

"Some of them have the most liberal reimbursement fees for the payment of surgeons' bills, ranging in some cases up to \$500. Yet even these funds could not provide reimbursements that would adequately protect employees from heavy out-of-pocket medical costs.

"The results of the study raise serious questions, not only for active employees, employers, and the welfare funds, but for the success of the new social security medicare program. That program, so urgently needed, will insure elderly Americans for reasonable physicians' fees. But our study shows that many surgeons' fees are unreasonable, if measured against reasonable, even liberal, reimbursement schedules."

The study showed, for example, that when a fund paid \$50 for a tonsillectomy and adenoidectomy, the average surgeon's charge was \$74. When a fund paid \$65 for the operations, it said, the average physician's charge rose to \$85.

The study found many of the physicians performing major surgery did not have the rating of diplomate or fellow of a specialty college, denoting the highest skill. It also said that a significant amount of surgery being performed in the New York area was done in hospitals not accredited by the American Hospital Association and the American Medical Association.

Among the recommendations of the study were establishment of a fee schedule that would pay complete costs, and that medical care consumer groups and organized medicine set up committees to make certain fee schedules were followed.

Mr. NILAN. Mr. Chairman, may I at this point also ask that the statement that I made available to the committee by Mrs. Victor Reimann, president of our national woman's auxiliary, also be inserted in the record.

Mr. UDALL. The Chair will make that unanimous consent. Is there any objection? Hearing none, it is so ordered.

Mr. NILAN. Thank you, Mr. Chairman.

(The statement referred to follows:)

PREPARED STATEMENT OF MRS. VICTOR REIMANN, PRESIDENT, NATIONAL WOMAN'S AUXILIARY TO UNITED FEDERATION OF POSTAL CLERKS, AFL-CIO

Mr. Chairman and members of the committee, for the record, I am Mrs. Victor Reimann, national president of the Woman's Auxiliary to the United Federation of Postal Clerks, AFL-CIO. I appreciate this opportunity to submit a state-

ment in behalf of the wives, mothers, daughters, and sisters of the 245,000 postal clerks and to point out the woman's viewpoint on the question of a much needed salary increase. In this report I want to speak primarily for postal clerks and their families.

The wives and mothers of postal clerks, as homemakers in general, are the first to realize the need for more adequate and comparable salaries. We bear the brunt of revising the already overstretched budget to cope with the ever-rising and increased costs and prices each month. Perhaps even better than the employees themselves we realize how inadequate the incomes of postal clerks really are.

It is our job as the homemakers to see that our families have the best food, clothing, and shelter the worker's earning power will purchase. We are concerned with increased cost of living because there are no guidelines on prices and no guidelines for profits and dividends.

Twenty percent of the income is estimated to be spent for food. The continued rise in food prices are a great concern and our biggest problem. From January 1965 to January 1966, food averaged an increase of 4.5 percent which reflected a 13-percent increase in meat prices. Pork prices alone were 36-percent higher over the year. Eggs rose almost 15 percent in price. Cost of fresh vegetables advanced 3 percent, lettuce even went up 25 percent, and apples  $2\frac{1}{2}$  percent.

Each year we find a decrease in the amount of food and the number of items you can purchase for \$10. Today in my city of Evansville, Ind., \$10 will buy approximately the following: 10 pounds potatoes, 4 quarts milk, 10 pound flour, 5 pounds sugar, 3 loaves of bread, a 6-pound roast, and 1 dozen eggs. These are certainly not luxury items but very necessary items.

Clothing prices are higher but the clothing problem we can control somewhat by just not buying any more than the absolute minimum, or by remaking and altering clothing on hand. But we do have to buy shoes and the cost has advanced as much as \$1 and even \$2 on the pair.

Consumer services rose 2.5 percent. Homeowners costs, rents, laundry costs all advanced in 1965. Transportation services advanced more than 4 percent, so this means higher rates for automobile insurance, gasoline, accident insurance, registration fees, and driver's license fees.

The advance in barber and beauty shop prices can be controlled somewhat. Trips to the beauty shop can be dispensed with but barber shops must be frequented. However, there are more of us each day learning to cut a boy's hair as well as we cut a girl's. And, some of our wives are even brave enough to try out the trimming of the man's hair because when you have a family with a couple of boys and a husband and haircuts run from \$2 to \$3 each, this can make quite a dent in the family budget and then haircuts become a luxury item instead of a necessity. Or, we can let our boys go modern and wear the Beatle hair styles and save on trips to the barbershop, which most of us do not approve of.

We have some of the most thrifty and best bargain hunters of all housewives. Most of our homemakers buy in the chain stores as neighborhood stores are much higher. Also we shop for the biggest bargains in everything that we buy. If it were not for sales and our bargain hunting, we would not be able to have the things we now have.

Recently, the AFL-CIO Department of Research updated the family budget to show the changes in living standards and buying patterns for the fall of 1964. Postal clerks were at least 6 percent behind them, and since prices have increased since this survey, we are even further behind. The total cost of a budget in 20 major cities in the autumn of 1964 was estimated to be \$6,418. This was a worker with two children, son and a daughter, ages 13 and 8. The budget included rent and utilities, average between car owners and nonowners, and allowed for life insurance, occupational expenses, etc. It listed the following:

Housing, \$1,441; food, \$1,899; clothing, \$581; medical care, \$365; transportation, \$491; other goods and services \$764; personal taxes, \$555; other costs \$322. This allowed for less than one egg per person per day and 3 quarts of milk and milk products per day per family; they considered a five-room house or apartment with one bath and they maintained a 70° temperature during the winter; bought a TV set every 9 years and a used car every 3 years. This allowed for a washing machine every 8 years. This was a modest adequate living for four people with a cost tag of \$123 a week.

If this was a modest but adequate living, then I'm afraid our postal clerks are lagging considerably behind this living scale. The average postal clerk is in level 4, step 7, and makes less than \$110 per week after retirement is deducted. Most



of our clerks enter the service at level 4 and advance in 12 steps from \$5,181 to \$7,062, but it takes them over 20 years to attain the highest level.

Here are the results of a survey made in my hometown of probably what would be considered a fairly average family of a clerk in level 4, step 7, whose salary is \$6,207 yearly before deductions. This couple was married in 1957, are 28 and 26 years of age, have 4 children—two boys and two girls, ages 8, 6½, 5, and 4. They help support a 16-year-old brother who lives with them. Like most average families they also have a dog. In 1962 they bought a \$10,950 home which has three bedrooms, bath, living room, and kitchen. Their refrigerator is 7 years old, TV 5, washer 2, and have a used dryer. Following are their expenses incurred during 1965:

Food, \$1,788. This includes all staples needed for running a home such as laundry soap, cleaning powders, bathroom necessities, etc. It also includes food for the dog. It does not, however, include coffee, cigarettes, or any alcoholic beverages as they do not use any of these items.

House payments, \$1,718.28. They bought their home on an FHA loan. This does not include any upkeep on the home nor an extermination job that had to be done last year which ran \$110 but it includes utilities, taxes, and furniture payments.

Transportation, \$1,763.62. Car payments, licenses, gasoline, and upkeep on two vehicles. There is no public transportation available so they need a second means of transportation because of the hours he works so they bought a motorcycle as this is cheaper than a second car.

Clothing, \$352. This is a most conservative figure for a family this size. This woman also uses very little cosmetics.

Other goods and services, \$170. This reflects only the cost of sending their children to school—cost of school tuition, school lunches, etc.

Other costs, \$733.65. Life insurance, health insurance, doctor, and medicine over and above the health insurance allowance. No dental costs included.

Contributions, \$200. Contributions weekly to their church and another weekly contribution. Also all civic contributions that are collected periodically.

They manage to have an \$18.75 bond taken out of his salary each payday. The bonds necessarily need to be cashed occasionally to pay emergencies but it shows they do try to save.

The items listed above I would consider as necessary expenses and they add to \$6,725.65. At this present salary, if they tried to live on that alone, they would be losing \$518.65 each year. It is apparent, then, that a second income is necessary in this family.

This is a story that is repeated again and again throughout our postal families.

In many of our families our men must hold down a second job. The Bureau of Labor Statistics report that 1 of every 9 of the Post Office's 630,000 employees has a second job. This report further states that they moonlight because they "need the money." It's no wonder our men must of necessity hold down two jobs. And what does this second job do? It provides the needed income but also at the same time it works against the worker's morale, his family life, and his health.

In the families where our men do not have a second job, our wives must work. It is estimated that one-third of our women are employed in this country today and I know that our postal wives make up a good percentage of these statistics. Our wives do not work because they like to get away from home and the responsibility of raising their families. They work because they must supplement the income of the family. And these wives working cause us great concern. In many cases it leaves our children by themselves too much and children left alone can be a contributing factor to juvenile delinquency. In other families the wives work the hours their husbands are at home so this means there is no family life here.

If our women could afford to stay at home, we feel that surely it would open up more jobs for men and relieve unemployment and provide openings for the young people who are going out into the working field each year.

Everyone seems to be in agreement that Government salaries lag behind private industry salaries and that postal employees' salaries should be made to be comparable to the salaries of private industry but this assumption is not brought to a successful conclusion by catching up the lagging.

But we in the postal family still pay the same comparable price as those in private industry. A loaf of bread cost us from 29 cents to 35 cents and a quart of milk costs us 20 cents to 25 cents the same as it does workers in private industry. We pay the same prices for utilities, taxes, insurance, education, clothing, food

transportation, and all else. We find no cost-of-living adjustments made to us to compensate for the lag in true comparability of salary.

Also we are asked to contribute in comparability to all civic projects such as Community Fund, Mental Health, Red Cross, March of Dimes, and all others. And we do this as a part of making a better world and a better community. But charity does begin at home and we desire to feed and properly clothe our own families and educate our own children and take care of their many needs as a worthy cause too.

Another point that we feel should be considered as important is the fact that the lag in comparability of salary has certainly resulted in the failure to attract the type of people desirable and needed to do the highly efficient work in the postal and Federal service. We are attracting fewer people because of the more lucrative positions outside the postal and Federal service. And each year true comparability is denied, this means additional hardships will be created.

Just this week I read where the iron workers in Denver are asking for 16.5 percent increases; New Jersey operating engineers are seeking 11 percent; Pittsburgh carpenters, 10 percent with fringe benefits; and the Louisville craft union seeks 10 percent with fringe benefits.

We want our postal clerks to take pride in their jobs and their responsibility to the Government in handling the mail. And, if the postal clerks know they can depend on just treatment; have a salary comparable to the demands made on their time, their energy and their health, then jobs will be handled with the greatest degree of efficiency possible. To have the additional strain put upon our men because their salary and the cost of living does not tally is really tragic and we women feel this more keenly than perhaps anyone.

We realize that you, the members of this committee, are put in a position to decide between what is a fair increase for postal families and what is a level for the whole country and we know what a responsibility lies with all of you. But, we also feel that we are not out of line in asking for a reasonable salary for our postal clerks; a chance to be able to live as other wives do; a chance for working conditions that will enable us to hold our families together and build for a greater future. So, we hope and pray that this committee will favor legislation in its entirety as recommended in the bill of Congressman Paul J. Krebs, H.R. 12094.

May we again thank you most humbly for listening to our side of this story.

Mr. UDALL. I think the statement on page 4 of Mr. Hallbeck's presentation is a very ominous one.

Mr. Keating said the other day that employee organizations who so loyally fought for this principle of comparability are now disenchanted—think it is a dead letter, that it hasn't worked.

This should be a very ominous thing for the administration and those who make policy in this field. The comparability principle said what I felt was a permanent resolution of the difficulties involved in this field.

We should all be concerned that this principle is apparently no longer accepted and is one that is considered to have failed by those who fought for it most loyally and supported it. I hope we can save this principle. I hope we can make the investigations and get the facts which will enable us to either rewrite the principle or make it work somehow, because I share many of your misgivings.

It has occurred to me as I have listened to the testimony that you can't have comparability and have the guidelines. They are mutually exclusive. We are either going to have one or the other. We can't seem to have both.

If we are to have comparability, we should have it in good times and in bad times. We ought to have it even when there is a tough budgetary situation. So your statement, taken with the statement of Mr. Keating, raises to me some very serious questions for this subcommittee and the Congress to consider.

Two of you have documented in a very strong fashion the inadequacy of the administration's proposal, the injustices to the Federal



employees which have existed over the past few years. The tough question I want to ask you is the one I asked Mr. Keating the other day, and I think you were both in the room.

Conceding as I do most of the points you have made, that the proposed package is inadequate, is unfair, in the realities of the situation, faced as we are with the war in Vietnam and the budgetary pressure, in understanding that next year, if the situation is improved, we will come back and try to really do a job that should be done, are you willing to accept this package as it has been put together?

Mr. HALLBECK. Mr. Chairman, it is true that I participated in conferences with people representing the administration on matters now before this committee. During those conferences it was made very plain that there would be no yielding on the part of the administration from the 3.2-percent guidelines on wages and prices that have been set by the Council of Economic Advisers. Under those circumstances, and fully aware of the political facts of life, we proceeded to develop the best bargain we could within that guideline. I think it can fairly be said that as a result of our discussions the package presented by Mr. Macy was a better package than that originally suggested. However, and on this I still have my working notes, it was expressly understood by those present that (1) we were not bound to accept the effective date of January 1, 1967, and (2) we were not bound to accept the proposed spread of the increases which the administration suggested.

In my prepared statement we have already proposed an immediate effective date, and have further recommended a completely different spread of wage benefits.

We maintain, and I think justly, that given to understand that the guidelines are as sacred as they are reported to be, that the increase of 3.2 percent of payroll allowable under the guidelines should be applied at the point of greatest need. If the committee agrees with this view, then certainly a salary increase of 3 percent in the working grades is readily possible, plus improved health benefits and retirement proposals.

Within that framework there was a substantial agreement. That is not to say that anyone was even reasonably satisfied, but rather that there was a recognition that it was the best that could be done under the circumstances presently existing. I'm sure it would be obvious, but I think it should be stated, that this position is based on the assumption that the guideline would hold.

In the event that it does not hold, and to the extent that higher increases are provided for private industry, then certainly we would expect to be treated equally as well.

Mr. UDALL. I want to commend you and your fine organization for a fine statement and for what you have done. I believe what you have done is not only in the best interest of the country, but in the interest of the members of your organization and the Federal employees generally.

It is easy for a politician—and I guess you people are politicians in a very real sense—to grandstand and make noises, to promise things that you can't deliver, and make futile fights. It is sometimes a lot tougher to do the realistic things which can be done in the circumstances.

We have heard a lot about Vietnam and what we should have done 10 years ago, but we are faced with the problem there and the question for the country now is what do we do in the situation we are in?

There is an old motto of Alcoholics Anonymous, a prayer which says: "Lord, give us the strength to accept the things we can't change, the courage to change the things we can change, and the wisdom to know the difference."

I suspect this would apply somewhat to the situation that you and some of the rest of us find ourselves in this year.

Because there have been some newspaper comments on this package proposal, let me say just two or three things and then I will recognize some of my colleagues. We have heard some talk, and I'm sure we will hear more of it, that this package deal was a sellout, that it was not to the advantage of your employees and all the rest.

It is the judgment of the chairman of this subcommittee who has worked in this field of endeavor for some time that those of you who participated in these discussions drove a pretty hard bargain. The package that has been developed and which I hope will be passed shortly is a far superior result to what would have been achieved for your members and Federal employees if you had taken the attitude I have described.

In the first place, I think there would be a very strong likelihood that we would have had no pay message at all. The administration would have said you go up and get whatever you can out of the Congress, and I think they meant business this year. So we got a message, an early message.

Secondly, I think your negotiations—and I was a party to some of the early conversations that led up to this—pushed the administration considerably beyond what they were prepared to offer when these negotiations began. A number of additional meaningful steps relating to fringe benefits were taken. We have had some real breakthroughs in recent years and you have continued these breakthroughs by putting together this package.

I think your statesmanlike action has made it very likely that we will have early action on the pay bill and an early effective date, far more so than we would have had if we even had a bill at all, which I doubt had this action not been taken.

Finally, I think your action has set the stage for some real constructive action in the future. If this war situation is settled and the budgetary situation improves next year, I don't think there will be a group of people in this country in a stronger moral position than the Federal employees who have gone along in a patriotic, statesmanlike fashion to help the President and this country in this difficult time.

I think you would be in the strongest position to come to the Congress and say, "For 3 or 4 years we fought for comparability and never got it. We were good citizens in 1966 when the squeeze was on, and now, my friends, we are here and we want action and we want justice."

I think you will have a very receptive ear from this member and the other members when that time comes.

While I know your decision was a difficult one, I think you have acted in the best interest of this country and of the Federal employees. As one who doesn't like the package I commend you for helping put it together and for, I think, insuring that it will be enacted promptly.



Mr. HALLBECK. Mr. Chairman, if I could say just one word?

If I had my druthers, as they say, I probably would never have been a part of it. I don't have to tell you that no citizen refuses the request of a President that you discuss something. While the suggestion didn't come directly from the President there was no doubt that he knew what was going on.

Any talk of a sellout is pure nonsense. In any sale you have got to get something. What the hell—pardon my language—what could we get? Plain nonsense.

I want to assume full responsibility. I alone, in this organization, was responsible for that decision. It is my responsibility, not Mr. Nilan's or anyone else. You have to act when the time comes.

Mr. UDALL. You have to take the alternatives as they exist and not as you would hope they might be.

The gentleman from Kansas.

Mr. ELLSWORTH. Thank you very much, Mr. Chairman.

I'm sorry I didn't get here, Mr. Hallbeck, when you made your oral presentation, but I have read your statement thoroughly, and of course, Mr. Nilan, I was here for most of your oral presentation. The reason I was late, I was down at the Rate Subcommittee along with some of my other colleagues on this subcommittee. We haven't figured out yet how to be at two places at the same time.

Mr. HALLBECK. You, too?

Mr. ELLSWORTH. Yes.

Mr. UDALL. I'm surprised; I thought the gentleman from Kansas could do anything.

Mr. ELLSWORTH. I want to compliment both of you on your fine statements and particularly you, Mr. Hallbeck, on your statement as it relates to these guidelines and to the effect of labor and wages on the inflationary situation that we are now confronted with.

As a member of the Joint Economic Committee I have been concerned with the guidelines problem, with the validity of the guidelines as they exist this year, the way they have been computed. It is a problem that you point to in your statement, and I want to second your statement on page 9 where you say, and I quote:

Labor and wages have not made a net contribution to any inflationary pressures which may exist.

I think that is true. I think the hearings we have had on the Joint Economic Committee have proven that it is true as well as many other hearings and statements that have been made by knowledgeable people.

I also want to second the chairman's statement that he made in his remarks, Chairman Udall, when he said that comparability and guidelines are incompatible with each other, or to put it another way, they are mutually exclusive.

The point that I made when Mr. Macy was up here, to the effect that the law that we are operating under calls for comparability, that is the objective of the law that we are supposed to be operating under. It doesn't say anything about guidelines. And we are a long way from bumping into any guidelines as far as wages of Federal employees are concerned.

So I do want to compliment you on your very fine statement and your staff on helping you prepare it, and on your presentation. It is a powerful statement.

I want to say again today, Mr. Chairman, I hope that we can get moving on this review of the comparability setup, either by ourselves or together with the Senate committee, whatever can be worked out.

I want to say to you, Mr. Hallbeck, that you can certainly count on this member of the subcommittee and of the Congress to fight for an early effective date, an immediate effective date, as immediate as we can get for this pay increase.

Finally, I want to tell you how much I and many, many, many of my friends here in the Congress as well as my constituents appreciate your leadership in taking the responsible position that you have on this package. I think that certainly in the statement you have made in response to Chairman Udall's question, you have demonstrated the two qualities of leadership in behalf of your organization that everybody recognizes are essential, and that is intelligence, No. 1, and No. 2, courage.

I appreciate it, and many, many, many of my friends do, and we will not forget it. You can be sure of that.

Mr. HALLBECK. Thank you, Mr. Ellsworth.

Mr. ELLSWORTH. Thank you, Mr. Chairman.

Mr. UDALL. Mr. Olsen.

Mr. OLSEN. Thank you, Mr. Chairman.

I want to congratulate Mr. Hallbeck and Mr. Nilan on excellent statements. I share with both of you your belief that there wouldn't have been any recommendation for a pay increase from the President at all except that you have come to some understanding about the top ceiling on what the President might recommend. I think I share the feeling of the chairman and of yourselves that you could struggle all year for a much higher percentage and you wouldn't end up with anything better. I share that feeling because of the history of last year's bill. When it got into the Senate it was sabotaged, and I think that efforts higher than those recommended by the President might very well be sabotaged again this year in the other body.

I am saying this publicly, because I think there ought to be some work done on some politicians around this Hill, certainly in this great election year, so that we are not repeatedly up against the proposition of the other body refusing to consider any pay bill at all until after they see what we do over here, and then going to work to cut it up.

I congratulate you again on your statements and on your courage. You particularly, Mr. Hallbeck, for taking the responsibility of having had to respond to the invitation of the President and talking this subject over and hitting some kind of agreement so that it could come to the Hill.

But now I want to make a statement about my own position on this particular bill. I think that it is an attempt to amend the rules of this committee, and we only adopted them on the 26th of February of last year, in an attempt to force the administration to talk with more than just one member of the committee. The administration would only talk to one or two members of the committee, and the rest of us didn't count for anything at all.

Now I think I could have elected to go on some other committee where more members are talked to, but it was my understanding that we were going to live by these rules that we adopted last February, and I think that we should live by the rules.



I agree with Mr. Nilan's view that things that are in the jurisdiction of the Subcommittee on Retirement Insurance and Health Benefits should have a separate hearing before that subcommittee and that indeed we should have separate bills. The pay bill, the compensation bill, ought to be one thing, and of course it could take into consideration the things immediately concerned with compensation, such as overtime and hours of work, but I think that those things that are under the jurisdiction of the Subcommittee on Retirement, Insurance, and Health Benefits ought to stay there. If the administration wants the rules of the committee amended, the administration ought to come to the whole committee and have a hearing on the question of changing the rules and not come in and attempt to dictate, absolutely dictate, a change in the rules by offering this particular bill.

I for one am not in favor of considering anything but compensation and overtime and fringe benefits directly related to pay in the bill, and think we should take up retirement and health insurance and life insurance in separate legislation.

Thank you, Mr. Chairman.

Mr. UDALL. Mr. Daniels?

Mr. DANIELS. I, too, wish to join with my colleagues and congratulate you and Mr. Nilan for a wonderful statesmanlike presentation here this morning and also for the position that you have taken on this package that has been sent up here to the Hill by the administration.

I note in your statement, Mr. Hallbeck, that you consider it most important and pressing that there be an immediate study made of the 1962 Salary Reform Act. You stated that the principle of comparability had to be put asleep or put in a deep freeze.

I am sure that you approve of the principle of comparability but you meant to say by that statement that it isn't working, that something else today has not been substituted for it. I think that this committee should make a very comprehensive study of that Salary Reform Act of 1962, and the Government, which has a moral obligation to abide by the law, should carry out the principle that was adopted 4 years ago or abandon it. We know what their position is.

We had to accept one principle in that year because the position then would be favorable and then 2 or 3 years later abandon it. So I'm glad that you forcibly brought that out this morning.

Mr. HALLBECK. I thoroughly agree with you, Mr. Daniels. Comparability can work, but the truth is it has not been allowed to. The truth is that the bill that was enacted was a fine start. I think in the light of the experience we have had over the past 4 years, it can be greatly improved upon, that it could be made the kind of a vehicle that the chairman and others in this committee have referred to in the past that might take wages out of the political football field.

I think it can be made into that, but it isn't that right now. It hasn't been allowed to work.

Mr. DANIELS. Well, I for one introduced a pay bill this year. I am one of the members who thought that our Federal employees had been sadly neglected, that comparability had not been achieved, that our Federal employees are far behind what such employees would be paid if they were working for private industry, and that if it is not 7 percent it is pretty close to that.

It is unfortunate that we do have this international situation on our hands. I know everybody wants to be patriotic and do their bit to help their country, and you are to be commended for the position that you have taken. Mr. Keating and his organization are to be complimented for the position they have also taken.

I am sure that if you come before us next year, let's hope that the Vietnam situation is over, we will give this a good hard look and see that you are brought up close to comparability, as close as you possibly can be in one full step.

Mr. HALLBECK. Thank you, Mr. Daniels.

Mr. DANIELS. Now, Mr. Nilan, in your statement you make reference to the fringe benefits that are included in this package, and you support the recommendation made by the administration of optional retirement after 30 years of service upon attainment of the age of 55.

But you did not make mention or comment upon the other proposal which was made a condition of that proposition that the Federal Government shall have the option also of—it is referred to as involuntary retirement of those employees at a level 13 and above. Do you care to make any statement on that?

Mr. NILAN. Well, I will make this statement: At the present time at least it doesn't directly affect our people. That is point 1. If it were affecting our people, that is the people we basically represent, the rank-and-file employees, I'm sure the committee would hear a very strong and aggressive statement opposing this proposition from our union.

Secondly, I'm not enthused about granting management the unilateral prerogative of retiring people at management's discretion in principle, without some appeal or protection for the people that are concerned. I cannot be enthused about that particular part of the proposal, and therefore this is the reason why I did not comment on it.

Mr. DANIELS. Well, I would like to comment on it at this time, because I think I was incorrectly—my position was incorrectly reported in the newspapers, and I will read it. It appeared in one of the local newspapers, in which I am supposed to have said:

This involuntary retirement power was needed by the Government as a good management aid in order to get rid of employees who have passed their peak.

I happen to have before me a stenographic copy of the testimony taken on that day, and I never made any such statement. All I said to Mr. Murphy, after he said why he thought management needed this for grade 13 and above, was:

Mr. Murphy, I don't disagree with your views, I am inclined to agree with you. I want you to know I want to know the thinking behind that statement because it was not amplified.

Now, I might say that since that comment was made, I have given serious thought to that and I am reappraising my own thinking on it. Only this morning I received a letter from a Federal employee stating that she had taken the competitive examination. She came out No. 1, but she is now being asked to retire because of age.

I think this committee should give very very serious consideration to this condition, when it is attached to the 30-year optional retirement



principle set down in this package. I just wanted to make that comment.

I think if the civil service system is a merit system, why we should keep it in proper focus, proper prospective, and if it is going to be a merit system it should be a merit system. But we don't want anything to be included in any legislation which we adopt to make that merit system a political football.

Mr. NILAN. The thing that concerns us, if I may just add this, Mr. Chairman, is that what is being done to someone else today can be done to us tomorrow. This is why I expressed my feeling on the involuntary retirement proposal.

Mr. UDALL. The gentleman's time has expired.

The gentleman from Hawaii.

Mr. MATSUNAGA. I would like to join in commending the gentlemen, Mr. Hallbeck and Mr. Nilan, for their excellent testimony this morning. If the administration could have as good lobbyists, so to speak, as the unions have had—including the testimony we had yesterday—we might even have a more difficult time trying to interpret what to do here.

I was very much impressed by your statement, Mr. Hallbeck, relative to the watering down of the share of labor in any percentage increase. I am inclined to agree with you 100 percent, except that I am not too sure as to how the guideline is applied in industry; private industry, that is. If you take the guideline of 3.2 percent, are you saying that this is not applied at all to the management-level employees in private industry?

Mr. HALLBECK. Unions don't negotiate for management employees. Unions in their negotiations are negotiating for workers, and the 3.2 applies to the group that they are negotiating for.

Management has always been outside of that. I will admit that there have been cases where management has probably been given comparable increases.

Mr. MATSUNAGA. How is the guideline applied? You take 3.2 percent, is that 3.2 percent of the total payroll, and in private industry they exclude the payroll of the management group?

Mr. HALLBECK. Surely.

Mr. MATSUNAGA. You are certain about this?

Mr. HALLBECK. Our economist tells me that is correct.

Mr. MATSUNAGA. Well, then, you are absolutely correct.

By application to the management group, in Federal service, we are watering down your worker's group.

Mr. HALLBECK. That is right. There are several inconsistencies that don't work the same way, but that is one of the more glaring ones. We are neither fish nor fowl to be absolutely honest. It seems that all the breaks are bad breaks.

Mr. MATSUNAGA. You will go along with Mr. Keating, who suggested yesterday that we go across the board with the increase rather than have the smaller dollar increases at the lower level, as is proposed?

Mr. HALLBECK. Yes.

Mr. MATSUNAGA. Would you go along with the idea further that we have the greatest percentages down at the lower levels so that the dollar increases would be as great at the lower level than at the management level?

Mr. HALLBECK. Yes. As a matter of fact, for years legislation dealing with wages in Government, when enacted, provided what we used to call flat dollar increase, \$300 flat increase. The argument was that that distorted pay schedules. The truth is that they maintained exactly the same ratios between the worker and the management at all times.

Percentage-wise it could be said to have worked to the advantage of the worker. Actually, dollar-wise, they were in exactly the same position as a result of flat increases. We believed in it. It wasn't at our insistence or with our support that the change was made from the flat dollar to the percentage increase, so the answer to your question, as originally posed, would be yes, we would prefer the flat dollar.

Mr. MATSUNAGA. So that—

Mr. HALLBECK. This is a case of need. There is a much greater dollar need at the lower levels, measured in terms of bread and meat and clothes.

The fellow at the bottom of the ladder is the one that needs it.

Mr. MATSUNAGA. So when we have a limited amount of dollars to distribute, you would agree that the dollars should be spread out at the lower level?

Mr. HALLBECK. Where they are needed the most.

Mr. MATSUNAGA. Thank you.

Mr. UDALL. The gentleman from New Jersey.

Mr. KREBS. Thank you, Mr. Chairman. I, too, want to join my colleagues and commend you, Mr. Hallbeck, and you, Mr. Nilan, for your well-prepared presentation.

I want to say, too, and I say this I hope in the constructive sense, I really hope that this committee doesn't get itself into the position of certain members being accused of having labels stuck on them if they happen to be dissenters.

I think we had a recent experience in Washington, going back 10 years or so, where people who honestly disagreed with the popular notion were intimidated into abandoning their intellectual honesty and independence. I want to say that I am one who disagrees with this proposal, and I restate that at the risk of having a label stuck on me. I hope I don't, but if I do, then I am willing to submit for the label.

I think there is room for honest disagreement with this proposal, and I believe that in all of your formal presentations, in Mr. Keating's and yours, and Mr. Nilan's, the basic facts were set forth that I can subscribe to. I am not going to burden the record further than to say that my position today is as it was on Wednesday, that as it was on Tuesday, and is as it was on Monday.

In the absence of any more substantial evidence to the contrary, I am unlikely to change my feeling about it. I say that because I genuinely feel that way and not because I find that it is easier to take a popular position and act irresponsibly.

I want to say, too, that some of the points you made are important. One of them is comparability. I made a proposal to Mr. Macy on Monday, that I would write a bill abolishing comparability, amending Public Law 793, and I asked him if he would support it, because I agree with you, that comparability has been a shame as far as I can ascertain. Either this ought to be our public pay policy, or it ought not be. And if it is, we ought to respect it and honor it and abide by



it; and if it isn't, we ought to be courageous enough to say that we have changed our minds.

I want to compliment you in saying that it is like a muscle that has atrophied for lack of use. If it is going to continue that way, it might very well be stricken from the law because it is just fooling people. I think it is like a muscle that is atrophied.

I want to say, too, that the percentage of employees that are on the Federal payroll is about 3.4 percent of all the people working for a living in the United States today. While you have got voluntary controls or voluntary suggested controls, on large and overwhelming sectors of our economy, and compulsory controls on 3.4 percent of the people working in this country, I honestly don't see how it is going to have any effect on warding off inflation. I certainly don't see how you can put controls on 3.4 percent of the working people in this country, and not put them on corporate profit. As witness after witness has testified, the profits of American corporations are sky high and so are the dividends to some stockholders. If we really have a threat, then I think we are all patriotic. If we have a threat to our economy, then let's appraise it and take the proper steps and write the right prescription.

That, in my opinion, comprises writing the right restraints on our economy.

I also fail to see—you pointed out that medical care insurance has gone up 19 percent, from 1960 to 1964, and that hospital care has gone up, and I didn't get the percentage. But you also said that patient stay in hospitals was up 89 percent in the like period.

I want to ask you something. I hear and I have heard for a long time when the insurance companies buy Blue Cross and Blue Shield and the other ones are looking for rate increases they say this is brought about because the patients stay in the hospitals longer than they should.

I want to ask you if you know any patient that stays in the hospital or has himself admitted in the hospital, or is this the responsibility of doctors?

Mr. NILAN. I certainly agree that it is the complete responsibility of the doctors. But the statement we make has been taken from the civil service records. The increase up to 7.7 days length of stay from 7.6 days is an insignificant change.

Mr. KREBS. All I am saying is that it is a shame that that has been used by the people seeking increases in rates. They blame it on the patients; they say the sick patient decided to come in a week before he should have, and we tried to chase him out. This is sheer nonsense.

Mr. HALLBECK. It certainly is. In some parts of the country there is a waiting list to get in the hospital. They get you up so fast nowadays that you are not even well when you get out. It is not the patients' fault.

Mr. OLSEN. You are supposed to get well walking around.

Mr. HALLBECK. I know.

Mr. KREBS. Let me ask you this: Do you think that if this package included a \$5,000 or \$10,000 increase in the benefits, that this increase would be inflationary? You can ask your economist if you want to get a professional opinion on the record.

Mr. UDALL. I don't think that he needs an economist for that.

Mr. HALLBECK. No.

Mr. KREBS. I just wanted to have both sides on the record.

Let me ask you this: There are some statements made in this hearing—Mr. Murphy said on Tuesday in his formal testimony that they compared the work in the Post Office Department with continuous process industries. Do you think the Post Office Department is continuous process industry?

Mr. HALLBECK. In the sense that it operates around the clock. The entire postal service does. Most post offices don't operate as a continual process.

Mr. KREBS. In other words, I asked some questions, I try to buy postage stamps occasionally when I close my office on Saturdays in my district, and it is in the biggest city in the State, 12 o'clock Saturday you can't buy a stamp. The windows close. You can't send a registered letter, the windows are closed. The frequency of collection from boxes on the street is reduced on Saturday. There is one in the morning and one in the afternoon on Sundays. This is in an area of a million population.

I pointed out that I had to go to New York City one Saturday afternoon to send a registered letter. It is hard for me to believe that this is truly a continuous operation industry when these services are not available and the workers are not working on Saturday or Sunday, or during the night. Continuous service industry, in my judgment, is like a hospital, where you have got doctors and nurses and all the services available 24 hours a day, 7 days a week, or like the police department or the fire department or industries that might be working. The railroad is 7 day. But even that is curtailed somewhat.

But by and large, can you find any stretch of the imagination that would allow you to fit the post office in the continuous operation industry?

Mr. HALLBECK. No, sir.

Mr. NILAN. If I may just comment, you are extremely fortunate in your area if you have two collections of mail on Sundays.

Mr. KREBS. Maybe I shouldn't have said it.

Mr. NILAN. The ones that I am familiar with, they are lucky if they have one around 3:30 or 4 in the afternoon and one on Sunday. You are lucky if you get one in the afternoon of every day.

Plus the transportation reductions on weekends and holidays. Our mobile clerks that are on the road have found in recent years that their RPO and HPO service routes have been reduced substantially, in some instances eliminated on Saturday and Sunday both. So even the railroad transportation of mail drops off. This is strictly by the arbitrary decision of the Post Office Department. So it is not a continuous operation, as indicated by the Post Office Department.

Mr. KREBS. Another point was made in Mr. Murphy's testimony. He felt that it was proper to compare post office workers with non-productive workers. That is what the caption of his chart and his testimony is. Maybe I am wrong, but I have had some experience in this field and it has been my understanding for 30 years, that generally there are three classifications of workers: There are professional people; there are white-collar workers; and blue-collar workers.



From what I have seen around the post office, since I am a Member of Congress and a member of the committee, I have a license to take a short cut through the back entrance of the post office to go up to my office, and I don't see many people who have white collars or clean hands in the post office.

I want to know what your concept is.

Mr. HALLBECK. In my statement I said you will look a long while to find a white-collar worker with which we are compared. We are blue collar, and we would be properly classified as blue collar. The very few white collars that you might find would be up at a service window, and even now the uniform service, the blue shirt, if you have got a collar on it is a blue collar.

Mr. KREBS. One last fast point.

Mr. Keating, in his testimony on Wednesday, made the point that a streetsweeper in Oakland, Calif., made more money than a letter carrier. Do you have any examples that are more dramatic than that?

Mr. HALLBECK. There are examples. But certainly there are a lot.

Mr. KREBS. The point I want in the record—is this an isolated case that was dug up.

Mr. HALLBECK. Not at all. We can't hire people on the west coast because of the competition in every area.

Mr. KREBS. I have no further questions. Thank you.

Mr. UDALL. Thank you, gentlemen, for being with us this morning. We appreciate your testimony.

The next witness is Mr. Sidney A. Goodman, accompanied by our friend, David Silvergleid, who is the secretary.

Mr. GOODMAN. Accompanied by Mr. Edward Bowley.

Mr. UDALL. We are happy to have him.

**STATEMENT OF SIDNEY A. GOODMAN, PRESIDENT, NATIONAL POSTAL UNION; ACCOMPANIED BY DAVID SILVERGLEID, SECRETARY-TREASURER, AND EDWARD BOWLEY**

Mr. GOODMAN. Dispensing with the formalities, the administration has proposed a new approach in terms of "gross compensation" which includes not only salary increases, but so-called fringe benefits, and has made specific proposals with regard to minor improvements in retirement and health premiums.

Ordinarily, each of these major legislative items would come under consideration by separate subcommittees and as such would be much more likely to receive the comprehensive consideration which their importance individually warrants.

This is true irrespective of the merits that may be claimed for the package approach. On page 6 of the report to the President by the Cabinet Committee on Federal Staff Retirement Systems, dated March 8, 1966, appears some very enlightening and frank observations on the limitations of the "package" approach to the whole question of comparability. It calls into serious question the validity of the administration's present approach.

I will not burden the committee by reading it.

Mr. UDALL. Without objection, the entire statement of Mr. Goodman will appear in the record at this point.

(The full text of Mr. Goodman's statement follows:)

## PREPARED STATEMENT OF SIDNEY A. GOODMAN, PRESIDENT, NATIONAL POSTAL UNION

Mr. Chairman, and members of the subcommittee, my name is Sidney A. Goodman, and I am privileged to serve as president of National Postal Union, located at 509 14th Street NW., Washington, D.C. I am accompanied here by our secretary-treasurer, David Silvergleid. We represent 60,000 postal employees, organized in excess of 500 local affiliates in 50 States, including Puerto Rico and the District of Columbia.

The administration has proposed a new approach in terms of "gross compensation" which includes not only salary increases, but so-called fringe benefits, and has made specific proposals with regard to minor improvements in retirement and health premiums. Ordinarily, each of these major legislative items would come under consideration by separate subcommittees and as such would be much more likely to receive the comprehensive consideration which their importance individually warrants. This is true irrespective of the merits that may be claimed for the "package" approach. On page 6 of the report to the President by the Cabinet Committee on Federal Staff Retirement Systems, dated March 8, 1966, appears some very enlightening and frank observations on the limitations of the "package" approach to the whole question of comparability. It calls into serious question the validity of the administration's present approach. It reads as follows:

"Benefit levels, and methods of determining those levels, are matters of continuing concern to beneficiaries of the retirement systems and to Government. Government is committed to the principle of pay comparability for civilians and to an equitable relationship between civilian and military pay. We must, when it becomes possible, extend this principle to encompass comparability of total compensation, including retirement and other fringe benefits. But reliable (or even usable) data on fringe benefits prove extraordinarily difficult to pin down, and such data as have been obtained are in terms of employer costs rather than of benefits received, which is what is important to those being compensated. Another difficulty is that the comparability principle promises, in theory, at least, comparable compensation for comparable responsibilities. Special conditions, however (e.g., combat duty in the case of the military, conflict-of-interest requirements, restrictions on off-the-job conduct and activities, inability to strike), limit the extent to which Federal service, and its compensation can be considered comparable to that of private industry. Perhaps the comparability principle is, for now and until more valid data are obtainable, best applied only to the major elements of compensation, leaving the others to find their own levels in a way that hopefully will result in a reasonable, if not exact, overall balance."

We support H.R. 10294, although we feel that the 7-percent increase recommended will still leave postal employees behind. This legislation is once again the test of good faith in terms of Congress' pledge of comparability as embodied in Public Law 87-793. I want to congratulate Congressman Olsen for his bill in this regard.

In the 1st session of the 89th Congress, National Postal Union testified three times on pay at length with special emphasis on the gap in comparability, introducing considerable statistical data. In view of extended testimony on this aspect taken previously, we are dispensing with this approach at this time. The gap continues and the situation remains basically unchanged from the standpoint of employees.

It should be remembered that in the last session, the House passed a bill providing a 4½-percent increase and that this was reduced to 4 percent in the final stages of the last session of Congress only in order to meet the administration's insistence on a smaller percentage. The Senate then reduced this to 3.6 percent and the House accepted this only because it believed there was no realistic alternative. The Congressional Record is replete with ample evidence of the indignation of the House at the veto threat and the failure of the administration to meet its pledge of comparability.

Considering what employees have already lost by the failure to achieve comparability since October 1962, and in view of what they are entitled to on this score, projected on a current basis, postal employees in levels 1 to 6 are certainly entitled to a minimum of the 7-percent increase recommended and effective January 1, 1966, not 1967.

It should be noted that when Congress pledged comparability in October 1962, with passage of Public Law 87-793, this was geared to salary alone and the introduction of the "package" concept at this time has a tendency to blur congressional commitments on this single item.



The administration proposes a 2.5-percent salary increase for postal employees, which is referred to by the Director of the Budget as a 2.85-percent "average" increase, based presumably on considering the impact of the wages on employees covered under the postal field schedule and the general service schedule. According to our computation, postal employees in step 4, level 4, a median normally used, would actually get slightly less than 2.4 percent, based on the figures provided in the "Joint Annual Report," dated March 3, 1966, submitted to the President by the Director, Bureau of the Budget, and the Chairman, U.S. Civil Service Commission.

The administration has placed the heaviest possible emphasis on the question of not exceeding so-called wage guidelines in order to avoid the threat of inflation. Certainly we all have a responsibility in this respect. However, we support the views of the distinguished member of this committee, who in questioning a Department spokesman, pointed out the disparity in the views of the administration with respect to wage guidelines, as against the total lack of guidelines with respect to corporation profits. As was pointed out, the net profits after taxes of such corporations as Ford and General Motors, averaging 60 to 65 percent in recent quarterly reports, constitutes a far greater threat of inflation, in our opinion, than granting deserved and long overdue salary increases to Government employees. The corporation profits referred to, unlike wages, which bolster a viable economy, are utilized for reinvestment, which in turn increases production without any assurance that it will be accompanied by any balancing increase in purchasing power. Yet this aspect is ignored by the administration.

In a recent statement before the congressional Joint Committee on Economics, Mr. Arthur M. Ross, Commissioner, Bureau of Labor Statistics, asserted that "outside" increases substantially exceeded the 3.1-percent guideline as follows:

Steel wages increased by 4.2 percent.

Office clerical workers increases, 3.4 percent.

Manufacturing industry increases, which are below 2.8 percent.

Construction industry increases, 4.1 percent.

In testifying before this committee on March 7, the Chairman of the U.S. Civil Service Commission, in responding to questions by a member of this committee, conceded a gap of at least 21 months from the period on which the most recent Bureau of Labor Statistics' report utilized by the administration were taken, until the effective date recommended for salary increases—namely, January 1, 1967. Further, this leaves completely out of account the fact that irrespective of substantial increases which could take place between the 1st and 12th month during which a given BLS report is binding, such increases could only be reflected in subsequent BLS reports.

Let's take a look at exactly what the administration proposes in terms of increases in actual take-home pay for employees, utilizing step 4, level 4, as a median of "pay line." Under it, salary would be increased from \$5,694 to \$5,830, or nominally \$136 per annum. The proposed biweekly increase would amount to \$5.23. From the standpoint of take-home pay, this would be decreased by the additional  $\frac{1}{2}$  percent increase in retirement deduction as proposed, which would amount to \$1.46 biweekly, leaving a net gross increase in take-home pay of \$3.77 biweekly. The difference in increased Federal taxes would cost the employee 73 cents biweekly. Thus the net increase in pay biweekly would be \$3.04, which would amount to the munificent sum of \$1.52 per week. Let us also remember that for employees in levels 1, 2, and 3 of the postal field service, the ones that need it the most, it would be substantially less. Is this the bold look of the Great Society? And is this being put forth seriously by its sponsors as a meaningful, dynamic program of economic redress?

The administration places great stress on productivity as a major aspect in its salary guidelines. The \$1.52 a week would amount to 0.0037 percent of gross annual salary in the median step and level. In the Annual Report of the Postmaster General 1965, it states:

During postal fiscal year 1965, workload in all WMS installations increased 4.8 percent over postal fiscal year 1964 versus a 2.9-percent increase in total clerk-mail handler workhours.

This means that there was an actual net increase in productivity of 1.9 percent in which employers were the decisive factor. In actual practice, they have been entirely dependent on the degree to which employees in outside industry are able to translate increases in productivity into increased wages under their respective employment contracts. We assert that the comparability pledge, should be the floor and that to it should be added this increased productivity of postal employees, amounting currently to 1.9 percent.

The administration stands in firm opposition to an increase in premium pay for Saturday, Sunday, and holiday work. It contends that this is not a sufficiently general practice in the private sector so as to warrant having this reflected in the pay bills under consideration. In so doing, statistical reference was made to conditions prevailing in supposedly comparable outside industry. On questioning however, the Department spokesman conceded that the figures cited covered white-collar workers. In further questioning, he conceded that postal employees were not only not white-collar workers generally, but were in fact unique, and not literally comparable to outside positions. Thus the Department's views were shown to be basically irrelevant, and therefore invalid. We assert that if the Department and the administration are truly concerned with assuming full responsibility for establishing a sound and progressive salary structure for postal and Federal employees, they will support the provisions of H.R. 10294 and related bills, which call for payment of time and one-half for Saturdays, and double time for Sundays and holidays. We urge the committee to act forthrightly in this area.

The spokesman for the Department, in opposing payment of overtime rates for substitutes for work in excess of 8 hours, made reference to the fact that only 29 million out of 69 million outside employees are subject to the Fair Labor Standards Act, although admittedly this is required for outside employees by other legislation, such as the Walsh-Healey Act. As was pointed out by a distinguished member of this committee, this reference of course includes only employees engaged in interstate commerce, and totally ignores a much larger number employed intrastate who do have equivalent protection. Actually, as the Department spokesman himself conceded, "of 400 contracts reviewed by the Bureau of National Affairs, 90 percent specified time and one-half for overtime, after 8 hours in 1 day." The implication is very clear. Postal substitutes, just as regulars, should be entitled to be paid time and one-half for all work performed in excess of 8 hours a day.

Because of this inequity, we have had numerous problems having to do with the opportunity for overtime given substitutes as against regular employees. The Department's own instructions provided for generally giving equal opportunity. Nevertheless, in practice, substitutes, although in excess of 40 hours a week and thus on overtime, have repeatedly been given greater opportunity for overtime in many offices, although there is no savings to the Department. This happens because supervisors tend to hold substitutes for overtime rather than regulars because of the possibility that a given substitute may not have reached 40 hours in a given workweek, and thus theoretically may be utilized at straight time, resulting in a so-called economy.

In large offices, it is virtually impossible to keep a sufficiently accurate accounting of hours so as to enable a supervisor to know at any given moment what given substitute will be on actual overtime. The result has been confusion, and a great deal of unnecessary resentment caused, with no gain in efficiency whatsoever. We urge in the strongest possible terms that substitutes be paid overtime for all work in excess of 8 hours a day as a matter of simple equity.

One aspect of the Department's application of the recent pay law, Public Law 89-301, requires mention. Under the authority vested in the Postmaster General, a workweek beginning at 12:01 a.m. Saturday, and ending 12 midnight Friday was established. It should be noted that this covers substitutes who are defined under the same law as employees with no regular work schedule. Under departmental instructions, substitutes who work past midnight on Fridays, arbitrarily had their tour terminated at 12 midnight for pay purposes only, and were required to hit a new timecard at 12:01 a.m. Saturday.

Thousands of substitute employees who continue to work several hours past midnight Friday had these hours counted as part of a new workweek. The result was to deny these employees who may have worked 40 hours by 12 midnight on Fridays—overtime rates for work performed on Saturday a.m. as part of a continuous tour which begins on Friday, the night previous. In effect, since November 6, 1965, we are happy to note that recent Department instructions appear to have eliminated this injustice.

There is a special aspect for regulars, too. The Department has deliberately encouraged establishment of tours on Saturday and Sunday nights different from reporting time the other days in the week in order to avoid payment of Sunday differential. This means a regular report 4 days a week at one hour and on Saturday or Sunday, at a completely different hour.

The Department also proposes an extension from 12 to 15 hours as the maximum hours "during which an employee may be worked or available to work, retaining the current requirement that no employee shall be employed more than 12 hours in



1 day." We flatly and strongly oppose this proposal. The Department's spokesman referred to the need for utilizing employees in small offices at peak periods from 6 to 8 a.m. and then from 5 to 8 p.m. on that same day. This is reminiscent of "split shifts" which have not been seen on the American labor scene since the depression of the 1930's. Citing the Department's needs in such terms is a sad commentary on the extent to which acceptance of modern personnel practices has yet to permeate the Department.

This proposal, and the resistance to overtime rates for substitutes for work in excess of 8 hours a day, are based largely on the Department's contention that the substitutes constitute a unique category. They do indeed, Mr. Chairman, but does the Department think that by claiming a so-called special need, it thereby assumes the right to create a subhuman category which becomes completely expendable? It was this kind of approach which led to a protest demonstration here in Washington in the early 1930's in which subs carried signs saying, "Mr. Farley, can you live on \$6 a week?" As we have emphasized in previous testimony, Mr. Chairman, is a substitute less a human being, a father, a citizen, a breadwinner, less subject to physical strain and less vulnerable to fiscal pressures because the Department rhetorically has dubbed them "on call" employees? Is there any comparable outside industry that would dare to attempt to create a special category of employees which by definition became less entitled to proper working conditions and standards? I think not, Mr. Chairman, and I urge that this committee reject this philosophy in its entirety. It is long since time that the Post Office Department stopped demanding special privileges and accepted the same responsibility as do outside employers in this connection, particularly since it frequently refers to outside conditions when discussing other phases of its proposals.

In considering increases for postal employees, some aspects not directly connected with salary as such, but which bear directly on the question of the status of postal workers should be considered. The administration salary recommendations must be evaluated in terms of continuing personnel policies which tend to undermine the status of major categories of employees. This is underscored by the continuing difficulty encountered by the Department in attempting to attract badly needed additional personnel. As an example, I submit a copy of the Department's regional letter, marked "Exhibit A," dated January 17, 1966, an open acknowledgment of this problem. I call to your attention, Mr. Chairman, another aspect; the increasing tendency to fragment and parcel out essential aspects of the duties of distribution clerk and letter carriers to various kinds of temporary employees. This type of development has a serious adverse affect on morale and while morale may be an intangible from the standpoint of statistical reports, it is ultimately the most decisive factor from the standpoint of improving real efficiency. At this point, Mr. Chairman, I ask permission to insert into the record, exhibit B, a copy of a letter from me to the Postmaster General, dated March 2, 1966.

In this same vein, I request permission to submit for the record exhibit C, a letter on this same subject, also dated March 2, 1966, addressed to Mr. John W. Macy, Jr., Chairman, U.S. Civil Service Commission.

The whole question of Government contributions to health premiums has become an increasingly vital issue. Repeated increases in the cost of premiums under the Health Benefits Act of 1959, has, in effect, resulted in an annual wage cut for postal employees. This means that in a relative sense, the wage status of postal employees has up until now steadily deteriorated in a major area. We appreciate the fact that the administration has taken cognizance of the fact that there have been no increases in Government contributions since the Health Benefits Act became effective in July 1960. Its recommendation, however, for what amounts to a 25-cent-per-week increase in its contribution, beginning January 1967, with another 25 cents to be added, effective January 1, 1968, falls far short. I take the liberty of submitting a communication, marked "Exhibit D," I sent the Honorable Dominick V. Daniels, the distinguished chairman of the House Subcommittee on Retirement, Insurance, and Health Benefits, dated January 26, 1966, which sets forth our position with respect to the need for an increase in Government contributions to employee health premiums. It is a most serious problem and I urge that the most positive and liberal action be taken.

We commend the administration's recommendations to establish optional retirement at age 60 with 20 years of service and to assure a minimum annuity for disability retirement, amounting to not less than the amount an employee in outside industry could obtain under social security. It must be recognized, however, that these are essentially peripheral and do not touch the heart of the need

for basic improvements in retirement benefits. In this connection, we note that there is not even mention of support of the administration-blocked proposal in the last session which would have increased annuities for survivors and dependents from 55 to 60 percent, a modest 5-percent increase. We do not think that the administration's proposed improvements on retirement begin to go far enough. National Postal Union's retirement program, as adopted by various national conventions, is as follows:

1. Elimination of the 1-percent deduction per annum between the ages 55-60.

2. All annuities to be tax exempt. Elimination of all deductions assessed for the privilege of selection of widows' and dependents' annuities.

3. Optional retirement after 25 years of service, regardless of age, based upon  $2\frac{1}{2}$  percent of the highest 1 year of service multiplied by the number of years of service, not to exceed 100 percent of the salary.

4. No increase in the present  $6\frac{1}{2}$ -percent deduction of the employee's basic salary.

5. Extend all benefits to former employees now on the retirement rolls.

6. All salary increases enacted be immediately reflected in retirement benefits to all annuitants.

7. That the Government appropriate such sums as may be necessary to assure that Government contributions will have equaled employee contributions since the inception of the act in 1920.

8. That the proviso of 5 years of civilian service for survivors benefits under the death claim be changed to read: "Immediately upon becoming a member of the Civil Service Retirement Fund."

9. When a wife or husband for whom the survivor's annuity election was made predeceases the employee, the employee's annuity be automatically restored to the full amount.

We assert that above all, action is long overdue to provide for full retirement benefits with 30 years of service, regardless of age, and without any increase in cost for employees. We also urge the committee to act favorably on other aspects of the retirement program as just enunciated.

On February 16, 1966, National Postal Union testified in strong support of H.R. 11879, introduced by Congressman Dominick V. Daniels, which would improve Federal group life insurance. Our comments covered 10 pages and we deliberately confine our remarks to a summary. We urged three amendments. First, that all eligibles, regardless of title or level, be assured a minimum of \$10,000 coverage. Secondly, that present provisions which provide for a reduction in the face value at age 65, unless the employee remains in the service, be canceled, in its entirety, with the full face value retained. Thirdly, that there be no increase in cost to employees.

The distinguished Chairman of the Civil Service Commission in testifying on this subject, has indicated support only with respect to authorizing an increase to a maximum of \$30,000 insurance. This would apply only for higher level employees, based on the formula presently used. Obviously, life insurance benefits accrue to the survivor and/or dependents of an employee, not the employee himself, in addition to annuities paid to such survivors and dependents. In the case of life insurance, however, an increase to a maximum of \$30,000 without any increase in the face value for lower level employees would be an injustice. The survivors and dependents of higher level employees should not be invested with five or six times the need and right of lower paid employees without assuring such employees a reasonable minimum such as \$10,000. Indeed, it is obvious that the survivors and dependents of lower level employees, especially in the case where there are young children, have had much less an opportunity to shore themselves up against the vicissitudes of life. As I stated in my previous testimony, Mr. Chairman, there should be no such aristocracy in death.

On this subject, I would like to bring to the attention of this committee another aspect. On December 2, 1965, a communication from the U.S. Civil Service Commission invited comment on a proposed amendment to the Federal employees group life insurance regulations which would limit free coverage while in nonpay status to a total of 12 months, unless the employee returned to pay status for the purpose of performing substantial service. We strongly oppose such a retrogressive change. Included in those who would be adversely affected by any such change are national officers of employee organizations, including National Postal Union. Mr. Chairman, I submit for the record, copies of the Commission's proposals and our views, as transmitted to Mr. Andrew E. Ruddock, Director, Bureau of Retirement Insurance, U.S. Civil Service Commission, that same day, December 2, 1965 (exhibit E). I also submit a copy of a letter to Congressman



Dominick V. Daniels, dated February 28, 1966, bearing on this same subject (exhibit F).

One more thought before closing, Mr. Chairman. Department testimony included a listing of advances made which has moved the Department from the ranks of the not-so-good employers to the ranks of the progressive employers. I suppose that the Department bases its claim on the fact that everything can be claimed to be relative. I am bemused that the Department referred to itself, albeit retroactively of course, as a not-so-good employer.

In evaluating the advances however, we should not lose sight of the total picture. If the Department were a truly progressive employer, it would now be strongly supporting not only the bill by Representative Krebs, the Dulski amendment, restoration of the cut in cost of living allowances in Puerto Rico and the Virgin Islands, an increase in per diem for mobile unit employees, and a work clothing allowance for mail handlers, maintenance, and motor vehicle employees in particular, among other things.

I want to express my deep appreciation to the distinguished chairman and members of this committee for the opportunity of commenting at length on the vital legislation under consideration.

#### EXHIBIT A

[From Post Office Department Regional Letter, Jan. 17, 1966]

##### RECRUITING ASSISTANCE

#### *I. Action offices*

Regional directors and Directors, Personnel Division.

#### *II. Purpose*

To provide assistance to postmasters in areas where recruitment is difficult.

#### *III. Background*

The San Francisco region developed a small recruiting announcement which was delivered by letter carriers to every mailbox in the city. It proved so successful that it is now being made available as a departmental form, so that it may be available to all postmasters.

#### *IV. Procedures*

Fifty sample copies of form 2415, "An Important Message From Your Postmaster," are attached for information. All residential carrier routes should be covered, although not necessarily at the same time. Under no circumstances should these forms be distributed to business concerns. Regional directors through the Directors, Personnel Division, shall designate the postmasters in their region who are having difficulty in recruiting. Instruct the postmasters to requisition an initial supply of form 2415 from the supply centers on form 4750, "Special Requisition for Supplies." The quantities of forms requisitioned should be limited to the actual number of carrier routes involved. At the same time the Director, Personnel Division, shall send to the supply center a list of the offices scheduled to requisition the form so that issuance may be confined to those offices designated for this project. Additional supplies of the form may be ordered during regularly scheduled requisitioning periods on form 1580, "Requisition for Supplies." It may be necessary to temporarily limit distribution because of the examination workload, but if this is done, it is suggested that complete distribution be made for each carrier station in turn. It is also suggested that the postmaster consult with the local carrier employee organization in order to explain the recruiting program to the carriers and to enlist their assistance.

RICHARD MURPHY,  
*Assistant Postmaster General.*

#### EXHIBIT B

NATIONAL POSTAL UNION,  
*Washington, D.C., March 2, 1966.*

HON. LAWRENCE F. O'BRIEN,  
*Postmaster General,*  
*Washington, D.C.*

DEAR MR. O'BRIEN: Your general release No. 36, dated February 26, 1966, concerned the "immediate recruitment of approximately 10,000 'needy and deserving' students to help post offices all over the Nation move the mails more

rapidly during rush hours." It authorized establishment of a new position of postal assistant, PFS-3, at \$2.37 an hour.

National Postal Union appreciates and supports the desire of the administration and the Department to encourage and aid needy students as such. However, we wish to strongly protest the action taken because it is one more fundamental change in policy being taken in haste, without an opportunity for proper evaluation and consultation, and because it will increase instability among personnel, cause disruption, create problems, and resentment, and tend to undermine the status of career, full-time postal employees.

This new type of employment must increasingly lessen the attraction of full-time employment with the Post Office Department made through normal civil service registers at a time when the Department has been compelled to initiate extraordinary measures in an effort to overcome the difficulties presently being faced in obtaining additional thousands of needed new employees. In the last 10 years, beginning with the establishment of the category of part-time temporary substitutes, we have seen the status of the full-time career employee whittled away at steadily. We have Christmas assistants, seasonal assistants, "N.T.E." 30-day "emergency" appointments, 89-day appointees, "indefinite temporary substitutes," "schedule A" appointments, "part timers" (4 hours a day), and now a 16-hour-a-week employee. This new position is being authorized and utilized with a total disregard for its impact on the morale of full-time career employees, who must continue to feel downgraded at the spectacle of having phases of their basic functions parceled out to non-civil-service employees, appointed without written examinations of any kind.

These newest postal assistants are being hastily appointed with a degree of discretion given to departmental representatives, that undermines civil service standards.

The haste is particularly indecent in view of the following:

(1) Authority for these appointments was granted by the Civil Service Commission on date of December 17, 1965, but after 2 months, there is not even a temporary job description and instead, the duties of SP 1-20 (seasonal assistant, PFS-3) will be utilized "pending issuance of a new standard position";

(2) The announcement states flatly that there will be "no examination";

(3) Rate of pay will be step 1 of level 3, \$2.37 per hour, but the temporary job description would, in practice, undoubtedly open the way toward the attempted use of this employee for work normally performed by a distribution clerk (KP-12, PFS-4), or a city or special carrier, or special delivery messenger (KP-11, PFS-4). In practice, the use of postal assistants is bound to create confusion, resentment, and problems of every kind. It would introduce the atmosphere of the Christmas rush every day of the week where such employees are utilized. It is in our opinion essentially a cheap labor device, using a "progressive" approach.

The use of postal assistants will increase instability, and there will inevitably be a never-ending turnover of personnel in this title. It is bound to complicate major and serious problems attendant on present efforts to establish a proper foundation for the concept of the administrative workweek. Why should a person seek to take an open, written competitive examination for postal employment, and to make it a full-time life career when there are so many "flexible" approaches which offer "shortcuts"? As against rigid work schedules for full-time regulars, the postal assistants can have virtually any hours and will undoubtedly have work schedules which, at least in part, will have advantages over the work schedules of regular senior career employees. They will not have schemes, but be used in "simple" distribution. They will, if the job description of SP 1-20 prevails, not have "routes," but assist in "delivery of mail," etc. This is a hybrid position in our opinion, an ill-concealed product of expediency, whose political overtones are inescapable and which callously ignores the effect on full-time career employees.

The Department's instructions to regional directors state in part, "It is expected that use of these employees will be of significant benefit to the postal service, in that it will reduce the need for temporary substitutes." How, by increasing their number—because the postal assistants will in fact be nothing more or less than temporary substitutes.

We urge that all plans to employ postal assistants, PFS-3, be abandoned.

Thank you for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*



## EXHIBIT C

NATIONAL POSTAL UNION,  
Washington, D.C., March 2, 1966.

Mr. JOHN W. MACY, Jr.,  
Chairman, Civil Service Commission, Washington, D.C.

DEAR MR. MACY: Attached is a copy of a communication from the undersigned, addressed to Postmaster General Lawrence F. O'Brien, dated March 2, 1966, with reference to the position of "postal assistant," PFS-3, being established in the postal service. Insofar as the position is being established "pursuant to authority of the Civil Service Commission, dated December 17, 1965," I wish to urge withdrawal of such authority.

Beyond our observations in the communication to the Postmaster General as referred to above, I call your particular attention to that part of the announcement by the Postmaster General under point 1, "Title of position: Postal assistant, PFS-3. Pending issuance of new standard position, duties contained in SP 1-20 shall be used."

This is the first time in memory that a position to which thousands could be appointed has been established, utilizing the job description of another position "pending issuance of a new standard position."

This is certainly a unique type of appointment with a "temporary" job description presumably to be followed by a permanently established job description, which as of the time that appointments are authorized, is undefined. However "legal" this might be contended to be in a technical sense, this surely violates all past practice, and elementary principles of proper management responsibilities, as well as consideration for full-time career employees.

Career employees must be especially resentful of the extraordinary haste. For at least 10 years prior to passage of Public Law 89-301, untold thousands of career substitute employees were required to work all kinds of excessive hours on a daily and weekly basis at straight time. This was an indefensible situation from every point of view. Yet, no real effort to provide relief was attempted until the recently enacted pay legislation made its continuation uneconomical. Leaving aside political implications, career employees can only conclude that the need for postal assistants became an emergency solely as an economy measure. How long will full-time career employees be compelled to listen to affirmation of good intentions concerning desirable and oft proclaimed, but never consummated, improvements for career employees, while the Department and the Commission move decisively and with extraordinary speed to create this dubious kind of position, using an even more dubious procedure?

Your reputation as a knowledgeable, exceptionally able administrator, who fully supports the principles of civil service procedures, must surely place you in an unenviable position at this time. You cannot be unaware that the long-range effects of establishing this new position must seriously undercut the type of management procedures and employee-management relations to which you are undoubtedly sincerely committed.

I wish to urge that the authority for establishment of postal assistant, PFS-3, be withdrawn forthwith in the best interest of the service.

Thank you very much for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

## EXHIBIT D

NATIONAL POSTAL UNION,  
Washington, D.C., January 26, 1966.

Hon. DOMINICK V. DANIELS,  
House Post Office and Civil Service Committee,  
House Office Building,  
Washington, D.C.

DEAR SIR: On date of January 12, 1966, we advised you of our legislative program for the 2d session of the 89th Congress with respect to liberalizing amendments to Public Law 89-301. We also wish to bring to your attention the vitally important issue of Government contributions to health plan premiums, a matter we consider to be of the highest priority.

We strongly believe that the Government should pay the entire cost of health premiums for all eligibles, a practice that has become more and more common in comparable outside employment. Incidentally, we note that for municipal

employees in the city of New York the city government is contributing 75 percent of the cost of comparable hospitalization currently and effective January 1967 will assume the entire cost.

The Government's contribution has been \$3.12 per eligible per pay period ever since the inception of the Health Benefits Act in July 1960. Increases in the cost of hospital and medical services have been referred to as having averaged 5 percent a year since that date. However, our actuaries advise us that increases at the present time are actually averaging 8 to 12 percent a year with absolutely no end in sight. This imposes a major hardship, particularly on lower paid postal employees and amounts to an annual wage cut.

The acute problem posed is dramatized for example in what has happened to hospital costs in New York City. The following tells its own story:

Prior to July 9, 1960 (inception of Health Benefits Act) (comparable union plan)	<i>Per day</i>
-----	\$20. 00
Until July 1, 1960	24. 00
July 1, 1961	26. 00
July 1, 1962	28. 00
Jan. 1, 1963	30. 00
Jan. 1, 1964	34. 00
June 1, 1965	48. 00
Jan. 1, 1966	53. 50

This is an all-inclusive contract rate for National Postal Union based on charges to Blue Cross. It covers surgery, special services, drugs, etc. Without a contract, costs would be much higher. As of this date our actuaries, reflecting the virtually unanimous views of experts in this field, estimate that the all-inclusive contract rate we can expect by 1970 with the department of hospitals, New York City, will be \$100 a day. This tells its own story and there is no need to embellish.

On January 18, 1966, we held a day-long session of our national advisory committee to our health plan at the International Inn, Washington, D.C. Local health plan representatives from every part of the Nation as well as three full-time health plan claims representatives were present. The 20 participants, with our actuary and members of his staff present, evaluated the entire situation. This meeting unanimously voted to seek a congressional investigation of the continued spiraling medical and hospital costs by an appropriate committee in both the Senate and House. We are hopeful that medicare, effective July 1, 1966, may have a tendency to diminish the sharp rate of increase but it can be expected to do little more.

Accordingly, on behalf of the more than 100,000 people covered by National Postal Union hospital plans, I wish to request and urge a full-scale investigation of the entire situation in the best interest of not only our membership but all postal and Federal employees and indeed the entire Nation.

Thank you very much for your consideration. Thank you for responding favorably to our request for an opportunity to present our legislative program. I look forward to an early meeting.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

#### EXHIBIT E

U.S. CIVIL SERVICE COMMISSION,  
*Washington, D.C., December 2, 1965.*

Because the present regulation does not entirely carry out the intent of the law, by letter of May 14, 1965, I invited your comment on a proposed amendment to the Federal employees' group life insurance regulations which would "limit free coverage while in nonpay status to a total of 12 months unless the employee returned to pay status for the purpose of performing substantial service." I now want to thank you for your reply, and to advise you of the current status of the proposal.

The Commissioners have decided to defer making any change in the regulations on this provision for approximately 1 year. This period of deferment will give



those who would be affected adversely by the change ample opportunity to make other insurance arrangements if they so wish, and allow the unions whose officers are involved time to seek such legislation as they may consider appropriate.

Sincerely yours,

ANDREW E. RUDDOCK, *Director.*

NATIONAL POSTAL UNION,  
*Washington, D.C., December 2, 1965.*

MR. ANDREW E. RUDDOCK,  
*Director, Bureau of Retirement and Insurance,  
U.S. Civil Service Commission, Washington, D.C.*

DEAR MR. RUDDOCK: Thank you for the opportunity of expressing our views with reference to the question of retirement credit and hospital coverage for union officials on full-time leave, who have been reporting for duty only 1 day in a calendar year.

We feel strongly that past and current practices completely fail to give elementary consideration in both respects. Such union officials receive only 6 months' credit for retirement purposes in a given leave year, and are denied participation in the Federal Employees' Health Benefits Act. In effect, this penalizes duly elected representatives of Federal employees for performing a necessary function which is clearly in the interest of both the Government and its employees.

The present practice clearly violates the whole spirit and intent of Executive Order 10988 which has now been in effect for 4 years. The Government and its agencies has officially proclaimed its recognition of employee rights to an unprecedented extent, and certainly present practices are clearly incongruous.

We strongly believe and assert that all duly elected, full-time union officials are entitled to, and should receive, all benefits which they would be eligible to enjoy if they were on full-time duty. The cost of this to the Government would be negligible. However, the Government should at least make it possible for such union officials to enjoy all benefits they would otherwise be receiving by having the respective unions involved contribute the respective amounts that would normally be contributed by the employee involved.

Only such a policy would be fair, equitable, and consistent with the obligations of the U.S. Government, the policies it has proclaimed and the rights of employees who happen to be union officials. We urge that such procedures be instituted forthwith.

Thank you very much for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

#### EXHIBIT F

NATIONAL POSTAL UNION,  
*Washington, D.C., February 28, 1966.*

HON. DOMINICK V. DANIELS,  
*House of Representatives,  
Washington, D.C.*

DEAR CONGRESSMAN DANIELS: I want to again express my deep appreciation for the courtesies shown me when I appeared to testify before your subcommittee in connection with your bill, H.R. 11879, which would significantly improve coverage for employees under the Federal Employees' Life Insurance Act of 1954. At that time, I inadvertently omitted commenting on one aspect; free life insurance coverage for full-time union officials, which I hereby submit.

Presently, elected full-time union officers have free coverage under the Federal employees' group life insurance, being required to actually report to their nominal assignment only 1 day a year. The Department is considering a change to "substantial service."

Any such change would seriously and adversely affect union officials. "Substantial service" would require them to abandon the duties of their office for some length of time, unstipulated at the moment, in addition to imposing hardships from the standpoint of travel, cost, etc., if they are national officers, permanently assigned to Washington. It would appear that Commission reasoning includes the assumption that any loss of insurance coverage by union officers, as a result of the change in criteria, could easily be covered by the respective organizations involved. As a matter of fact, however, most of the union officials who would

be adversely affected would have difficulty obtaining insurance, either from the standpoint of state of health and/or age, and even if it were obtainable, the cost would be high.

It seems ironic that the Commission's proposal comes at a time when presumably the status and recognition of employee organizations is supposedly more secure and given greater emphasis than ever before, especially with the advent of Executive Order 10988. The "costs" of retaining present criteria are absurdly low because of the relatively tiny number of employees affected. Nevertheless, we find that "economy" is again being raised, this time threatening to deny continued free life insurance coverage for full-time union officers, a longstanding practice.

I wish to request and urge that your bill carry an amendment which would assure retention of free coverage under the Federal Employees' Group Insurance Act for full-time union officials on leave.

I am also taking the liberty of attaching photocopies of a letter of December 2, 1965, from Andrew E. Ruddock, Director, Bureau of Retirement and Insurance, U.S. Civil Service Commission, and my answer thereto, similarly dated December 2, 1965. A perusal of both of the aforesaid letters will acquaint you with the current status of this matter.

Thank you very much for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

Mr. GOODMAN. Had I read it, I would have ended by saying "so much for the pseudoscientific approach."

We support H.R. 10294, although we feel that the 7-percent increase recommended will still leave postal employees behind. This legislation is once again the test of good faith in terms of Congress' pledge of comparability as embodied in Public Law 87-793. I want to congratulate Congressman Olsen for his bill in this regard.

Mr. OLSEN. Let me interrupt. Mr. Krebs also has that.

Mr. GOODMAN. I am sorry. I stand corrected and I apologize.

Mr. OLSEN. And Mr. Daniels, too.

Mr. GOODMAN. That is right. I am apologizing to Mr. Daniels.

Mr. UDALL. The record shows the authorship of all the various bills that are before us.

Mr. GOODMAN. Thank you.

In the 1st session of the 89th Congress, the National Postal Union testified three times on pay at length with special emphasis on the gap in comparability, introducing considerable statistical data. In view of extended testimony on this aspect taken previously, we are dispensing with this approach at this time. The gap continues and the situation remains basically unchanged from the standpoint of employees.

It should be remembered that in the last session, the House passed a bill providing a 4.5-percent increase and that this was reduced to 4 percent in the final stages of the last session of Congress only in order to meet the administration's insistence on a smaller percentage. The Senate then reduced this to 3.6 percent and the House accepted this only because it believed there was no realistic alternative. The Congressional Record is replete with ample evidence of the indignation of the House at the veto threat and the failure of the administration to meet its pledge of comparability.

Considering what employees have already lost by the failure to achieve comparability since October 1962, and in view of what they are entitled to on this score, projected on a current basis, postal employees in levels 1 to 6 are certainly entitled to a minimum of the 7-percent increase recommended and effective January 1, 1966, and not 1967.



It should be noted that when Congress pledged comparability in October 1962, with passage of Public Law 87-793, this was geared to salary alone and the introduction of the package concept at this time has a tendency to blur congressional commitments on this single item.

The administration proposes a 2.5-percent salary increase for postal employees, which is referred to by the Director of the Budget. I will skip that part. We find it slightly under the 2.4 level. I am basing that on the basis of the administration's own figures.

The administration has placed the heaviest possible emphasis on the question of not exceeding so-called wage guidelines in order to avoid the threat of inflation. Certainly we all have a responsibility in this respect. However, we support the views of the distinguished member of this committee, who in questioning a Department spokesman, pointed out the disparity in the views of the administration with respect to wage guidelines, as against the total lack of guidelines with respect to corporation profits.

As was pointed out, the net profits after taxes of such corporations as Ford and General Motors, averaging 60 to 65 percent in recent quarterly reports, constitutes a far greater threat of inflation, in our opinion, than granting deserved and long-overdue salary increases to Government employees. The corporation profits referred to, unlike wages, which bolster a viable economy, are utilized for reinvestment, which in turn increases production without any assurance that it will be accompanied by any balancing increase in purchasing power. Yet this aspect is ignored by the administration.

Mr. Chairman, I ask permission to insert in the record a list of corporations' profits.

Mr. UDALL. Without objection, this list of corporations' profits will be introduced following your testimony.

Mr. GOODMAN. In a recent statement before the congressional Joint Committee on Economics, Mr. Arthur M. Ross, Commissioner, Bureau of Labor Statistics, asserted that "outside" increases substantially exceeded the 3.2-percent guideline as follows:

Steel wages increased by 4.2 percent; office clerical workers' increases were 3.4 percent; manufacturing industry increases, which are below 2.8 percent; and construction industry increases, 4.1 percent.

In testifying before this committee on March 7, the Chairman of the U.S. Civil Service Commission, in responding to questions by a member of this committee, conceded a gap of at least 21 months from the period on which the most recent Bureau of Labor Statistics' report utilized by the administration were taken, until the effective date recommended for salary increases, namely, January 1, 1967. Further, this leaves completely out of account the fact that irrespective of substantial increases which could take place between the 1st and 12th month during which a given BLS report is binding, such increases could only be reflected in subsequent BLS reports.

Let's take a look at exactly what the administration proposes, in terms of increases in actual take-home pay for employees, utilizing step 4, level 4, as a median or "pay line."

Under it, salary would be increased from \$5,694 to \$5,830, or nominally \$136 per annum. The proposed biweekly increase would amount to \$5.23. From the standpoint of take-home pay, this would be decreased by the additional one-half of 1 percent increase in retire-

ment deduction as proposed, which would amount to \$1.46 biweekly, leaving a net gross increase in take-home pay of \$3.77 biweekly. The difference in increased Federal taxes would cost the employee 73 cents biweekly. Thus, the net increase in pay biweekly would be \$3.04, which would amount to the munificent sum of \$1.52 per week.

Let us also remember that for employees in levels 1, 2, and 3 of the postal field service, the ones that need it the most, it would be substantially less.

Mr. OLSEN. Just one question at this point.

Don't you suppose at the next election all the postal workers will be around thanking us Congressmen for this pay increase?

Mr. GOODMAN. May I insert these showing this?

Mr. UDALL. We are pleased to have them. Without objection, they will appear at the end of your testimony.

Mr. GOODMAN. Is this the bold look of the Great Society? And is this being put forth seriously by its sponsors as a meaningful, dynamic program of economic redress?

The administration places great stress on productivity as a major aspect in its salary "guidelines." The \$1.25 a week would amount to 0.0037 percent of gross annual salary in the median step and level. In the Annual Report of the Postmaster General, 1965, it states:

During postal fiscal year 1965 workload in all WMS installations increased 4.8 percent over postal fiscal year 1964 versus a 2.9-percent increase in total clerk-mail handler work hours.

This means that there was an actual net increase in productivity of 1.9 percent in which employers were the decisive factor. In actual practice, they have been entirely dependent on the degree to which employees in outside industry are able to translate increases in productivity into increased wages under their respective employment contracts. We assert that the comparability pledged should be the floor and that to it should be added this increased productivity of postal employees, amounting currently to 1.9 percent.

The administration stands in firm opposition to an increase in premium pay for Saturday, Sunday, and holiday work. It contends that this is not a sufficiently general practice in the private sector so as to warrant having this reflected in the pay bills under consideration. In so doing, statistical reference was made to conditions prevailing in supposedly comparable outside industry.

On questioning, however, the Department spokesman conceded that the figures cited covered white-collar workers. In further questioning, he conceded that postal employees were not only not white-collar workers generally, but were in fact unique and not literally comparable to outside positions. Thus the Department's views were shown to be basically irrelevant, and therefore invalid.

We assert that if the Department and the administration are truly concerned with assuming full responsibility for establishing a sound and progressive salary structure for postal and Federal employees, they will support the provisions of H.R. 10294 and related bills, which call for payment of time and one-half for Saturdays, and double time for Sundays and holidays. We urge the committee to act forthrightly in this area.

The spokesman for the Department, in opposing payment of overtime rates for substitutes for work in excess of 8 hours, made reference to the fact that only 29 million out of 69 million outside employees are



subject to the Fair Labor Standards Act, although admittedly this is required for outside employees by other legislation, such as the Walsh-Healey Act.

As was pointed out by a distinguished member of this committee, this reference, of course, includes only employees engaged in interstate commerce, and totally ignores a much larger number employed intrastate who do have equivalent protection.

Actually, as the Department spokesman himself conceded—

of 400 contracts reviewed by the Bureau of National Affairs, 90 percent specified time and one-half for overtime, after 8 hours in 1 day.

The implication is very clear. Postal substitutes, just as regulars, should be entitled to be paid time and one-half for all work performed in excess of 8 hours a day.

Because of this inequity, we have had numerous problems having to do with the opportunity for overtime given substitutes as against regular employees. The Department's own instructions provided for generally giving equal opportunity. Nevertheless, in practice, substitutes, although in excess of 40 hours a week, and thus on overtime, have repeatedly been given greater opportunity for overtime in many offices, although there is no savings to the Department. This happens because supervisors tend to hold substitutes for overtime rather than regulars because of the possibility that a given substitute may not have reached 40 hours in a given workweek, and thus theoretically may be utilized at straight time, resulting in a so-called economy.

In large offices, it is virtually impossible to keep a sufficiently accurate accounting of hours so as to enable a supervisor to know at any given moment what given substitute will be on actual overtime. The result has been confusion, and a great deal of unnecessary resentment caused, with no gain in efficiency whatsoever. We urge in the strongest possible terms that substitutes be paid overtime for all work in excess of 8 hours a day as a matter of simple equity.

One aspect of the Department's application of the recent pay law, Public Law 89-301, requires mention. Under the authority vested in the Postmaster General, a workweek beginning at 12:01 a.m. Saturday, and ending 12 midnight Friday, was established. It should be noted that this covers substitutes who are defined under the same law as employees with no regular work schedule. Under Department instructions, substitutes who work past midnight on Fridays, arbitrarily had their tour terminated at 12 midnight for pay purposes only, and were required to hit a new time card at 12:01 a.m. Saturday.

Thousands of substitute employees who continue to work several hours past midnight Friday had these hours counted as part of a new workweek. The result was to deny these employees who may have worked 40 hours by 12 midnight on Fridays, overtime rates for work performed on Saturday, a.m. as part of a continuous tour which begins on Friday, the night previous. In effect, since November 6, 1965, we are happy to note that recent Department instructions appear to have eliminated this injustice.

There is a special aspect for regulars, too. The Department has deliberately encouraged establishment of tours on Saturday and Sunday nights different from reporting time the other days in the week in order to avoid payment of Sunday differential. This means a

regular reports 4 days a week at one hour and on Saturday or Sunday, at a completely different hour.

The Department also proposes an extension from 12 to 15 hours as the maximum hours during which an employee may be worked or available to work, retaining the current requirement that no employee shall be employed more than 12 hours on 1 day. We flatly and strongly oppose this proposal. The Department's spokesman referred to the need for utilizing employees in small offices at peak periods from 6 a.m. to 8 a.m. and then from 5 to 8 p.m. on that same day. This is reminiscent of split shifts which have not been seen on the American labor scene since the depression of the thirties.

Citing the Department's needs in such terms is a sad commentary on the extent to which acceptance of modern personnel practices has yet to permeate the Department.

This proposal, and the resistance to overtime rates for substitutes for work in excess of 8 hours a day, are based largely on the Department's contention that the substitutes constitute a unique category. They do indeed, Mr. Chairman, but does the Department think that by claiming a so-called special need, it thereby assumes the right to create a subhuman category which becomes completely expendable? It was this kind of approach which led to a protest demonstration here in Washington in the early 1930's in which subs carried signs saying "Mr. Farley, can you live on \$6 a week?"

Just for a moment, in the 1930's substitutes, the checks established \$10 or \$12 a week. They formed an organization and came to Washington and I have seen the historic picture of subs carry signs of "Mr. Farley, can you live on \$6 a week?"

As we have emphasized in previous testimony, Mr. Chairman, is a substitute less a human being, a father, a citizen, a breadwinner, less subject to physical strain and less vulnerable to fiscal pressures because the Department rhetorically has dubbed them "on call" employees? Is there any comparable outside industry that would dare to attempt to create a special category of employees which by definition become less entitled to proper working conditions and standards? I think not, Mr. Chairman, and I urge that this committee reject this philosophy in its entirety. It is long since time that the Post Office Department stopped demanding special privileges and accepted the same responsibility as do outside employers in this connection, particularly since it frequently refers to outside conditions when discussing other phases of its proposals.

In considering increases for postal employees, some aspects not directly connected with salary as such, but which bear directly on the question of the status of postal workers should be considered. The administration salary recommendations must be evaluated in terms of continuing personnel policies which tend to undermine the status of major categories of employees.

This is underscored by the continuing difficulty encountered by the Department in attempting to attract badly needed additional personnel.

As an example, I submit a copy of the Department's regional letter, marked "Exhibit A," dated January 17, 1966, an open acknowledgment of this problem. I call to your attention, Mr. Chairman, another aspect, the increasing tendency to fragment and parcel out essential aspects of the duties of distribution clerk and letter carriers to various kinds of temporary employees. This type of development has



a serious adverse affect on morale and, while morale may be an intangible from the standpoint of statistical reports, it is ultimately the most decisive factor from the standpoint of improving real efficiency.

At this point, Mr. Chairman, I ask permission to insert exhibit B.

Mr. UDALL. Without objection, the exhibits A and B, which you refer to in the next paragraph, will all appear in the record.

Mr. GOODMAN. Thank you.

Here I leave the record to give a picture. The \$3.12 may have originally constituted 50 percent of the low option. Over 80 percent of the eligibles on the basis of their own records are in the high option. Currently we have one of the best plans, and our people have been forced to absorb literally 100 percent increases in the last 5 years. The Government has contributed nothing. The Government's actual contribution has gone from 35 percent of our high option to 23 percent. If the Government were merely to assume responsibilities for adjusting its original percentage contribution, it would have to increase its own contribution by 12 percent, Mr. Chairman.

It is a serious business, and we seek a congressional investigation. Because starting from \$20 a day in 1960, we are currently paying \$53.50 as an all-inclusive daily rate in a ward in a hospital in New York City.

Further, all experts agree by 1970 it will cost us \$100 a day if you please, in a ward, Mr. Chairman, in a city like New York.

We ask the chairman of the committee to institute a congressional investigation.

Going on to the retirement aspect, we commend the administration's recommendations to establish optional retirement at age 60 with 20 years of service and to assure a minimum annuity for disability retirement, amounting to not less than the amount an employee in outside industry could obtain under social security. It must be recognized, however, that these are essentially peripheral and do not touch the heart of the need for basic improvements in retirement benefits. In this connection, we note that there is not even mention of support of the administration-blocked proposal in the last session which would have increased annuities for survivors and dependents from 55 to 60 percent, a modest 5-percent increase. We do not think that the administration's proposed improvements on retirement begin to go far enough.

National Postal Union's retirement program, as adopted by various national conventions, is as follows—but I won't burden the committee with this. We have submitted it before.

We assert that above all, action is long overdue to provide for full retirement benefits with 30 years of service, regardless of age, and without any increase in cost for employees. We also urge the committee to act favorably on other aspects of the retirement program as just enunciated, supporting a ceiling of \$30,000 retaining the previous formula. I am not going to burden the committee, but I will only say that life insurance is given to the surviving dependents in addition to a higher annuity, which is reflected in the higher earnings of top-level employees.

To say that, in addition to this, the survivors and dependents of higher level employees will be invested with five to six times the needs of the lower level employees. This is most unjust. It is obvious that the survivors and dependents of lower level employees, especially in the case where there are young children, have had much

less an opportunity to shore themselves up against the vicissitudes of life. As I stated in my previous testimony, Mr. Chairman, there should be no such aristocracy in death.

I refer to the exhibits and I ask that they be included in the record

Mr. UDALL. Without objection, your additional records will be made a part of your testimony at the closing.

Mr. GOODMAN. One more thought before closing, Mr. Chairman. Department testimony included a listing of advances made which "has moved the Department from the ranks of the not-so-good employers to the ranks of the progressive employers." I suppose that the Department bases its claim on the fact that everything can be claimed to be relative. I am bemused that the Department referred to itself, albeit retroactively, of course, as a "not-so-good employer."

In evaluating the advances, however, we should not lose sight of the total picture. If the Department were a truly progressive employer, it would now be strongly supporting not only the bill by Representative Krebs, but also the Dulski amendment, restoration of the cut in cost-of-living allowances in Puerto Rico and the Virgin Islands, an increase in per diem for mobile unit employees, and a work clothing allowance for mail handlers, maintenance and motor vehicle employees in particular, among other things.

I want to express my deep appreciation to the distinguished chairman and members of this committee for the opportunity of commenting at length on the vital legislation under consideration.

(The attachments to the statement follow:)

[From the Washington Report]

*The profit picture*

Profits after taxes	4th quarter 1964	4th quarter 1965	Profits after taxes	4th quarter 1964	4th quarter 1965
General Motors.....	\$374,537,000	\$587,300,000	Eli Lilly.....	\$10,810,000	\$10,900,000
Ford Motor.....	101,900,000	162,800,000	Rohm & Haas.....	6,998,000	7,269,000
American Motors.....	9,524,000	4,196,000	Georgia-Pacific.....	9,630,000	10,540,000
Borg-Warner.....	17,850,000	18,550,000	Ideal Cement.....	3,046,000	3,820,000
United States Steel.....	69,015,000	49,038,000	Owens-Corning Fiberglas.....	4,139,000	5,347,000
Bethlehem Steel.....	43,016,000	28,605,000	Continental Can.....	10,009,000	13,224,000
National Steel.....	24,976,000	21,272,000	American Can.....	9,065,000	12,185,000
Aluminum Co. of America.....	16,292,000	19,462,000	Scott Paper.....	12,552,000	13,970,000
Reynolds Metals.....	12,554,000	15,904,000	Champion Papers.....	4,510,000	5,249,000
Kaiser Aluminum & Chem.....	7,605,000	10,244,000	Armstrong Rubber.....	953,000	1,214,000
Kennecott Copper.....	23,297,000	24,533,000	General Tire & Rubber.....	12,970,000	13,822,000
American Smelting & Refining.....	13,071,000	14,259,000	Burlington Industries.....	16,227,000	19,475,000
Newmont Mining.....	6,168,000	10,385,000	American Enka.....	4,691,000	4,979,000
Standard Oil (New Jersey).....	252,000,000	266,000,000	Rayonier.....	4,786,000	4,787,000
Gulf Oil.....	106,000,000	115,000,000	General Foods.....	19,377,000	22,227,000
Texaco.....	158,557,000	172,874,000	National Biscuit.....	10,255,000	11,165,000
General Dynamics.....	13,036,000	18,062,000	General Mills.....	5,992,000	6,834,000
McDonnell Aircraft.....	7,189,000	8,501,000	American Tobacco.....	20,532,000	19,794,000
Douglas Aircraft.....	2,507,000	3,039,000	Philip Morris.....	6,079,000	7,090,000
Avco.....	5,604,000	7,179,000	A & P.....	12,766,000	12,524,000
International Business Machines.....	114,734,000	125,840,000	Winn-Dixie.....	6,699,000	6,908,000
Westinghouse Electric.....	24,987,000	29,843,000	Hiram Walker.....	10,511,000	11,527,000
Xerox.....	11,496,000	16,014,000	Schenley Industries.....	7,724,000	8,459,000
Burroughs.....	5,193,000	8,924,000	National Distillers.....	8,830,000	9,012,000
Magnavox.....	5,899,000	8,821,000	Pennsylvania Railroad.....	10,463,000	10,141,000
Caterpillar Tractor.....	35,100,000	38,600,000	New York Central.....	9,567,000	19,239,000
Ex-Cell-O.....	3,570,000	4,715,000	Santa Fe.....	20,779,000	26,681,000
United Shoe Machinery.....	3,277,000	3,447,000	National Airlines.....	3,262,000	4,798,000
Du Pont.....	184,000,000	95,000,000	Trans World Airlines.....	6,576,000	6,422,000
Union Carbide.....	56,147,000	59,942,000	Braniff Airways.....	1,827,000	3,020,000
Monsanto.....	27,887,000	24,818,000	American Telephone & Telegraph.....	430,942,000	473,571,000
Chas. Pfizer.....	12,875,000	14,711,000	Detroit Edison.....	13,127,000	13,636,000
			Consolidated Edison (New York).....	27,813,000	25,717,000

1 Excludes dividends on General Motors stock.

Source: company statements; Standard & Poor's Corp.



## STEP 1—LEVEL 1

Current .....	\$4,086.00
Proposed .....	4,170.00
Gross increase (per annum) .....	84.00
Retirement, \$4,086 at 6½ percent vs. \$4,170 at 7 percent (per annum increase) .....	24.31
Increased Federal (only) taxes (per annum) .....	3.40
Total increased deductions (per annum) .....	27.71
Net increase in take-home pay (per annum) .....	56.29
Net increase in take home pay per week (net) .....	1.08

## STEP 4—LEVEL 4

Present biweekly pay .....	\$219.00
Present retirement deduction (6½ percent) .....	14.24
Proposed administrative step 4, level 4 (biweekly) .....	224.23
7 percent retirement equals \$15.70 minus net increase biweekly .....	1.46
Proposed gross biweekly increase .....	5.23
Less amount of 0.5 percent retirement increase .....	1.46
Net gross increase prior to taxes (biweekly) .....	3.77
Minus additional taxes biweekly .....	.73
Net biweekly .....	3.04
Net weekly .....	1.52

Mr. UDALL. Thank you, Mr. Goodman.

I think you know the high regard I have for you and your organization, and I am sure it is shared by the other members of this committee. You are one of the most helpful, aggressive, and able people who has appeared before this committee. I thank you for the very effective and interesting testimony which you have presented this morning.

The gentleman from Montana.

Mr. OLSEN. I want to join my chairman in congratulating you on an excellent statement. I congratulate your colleagues, too. I admire your stand in every category.

I wanted to dwell for just a moment on the subject of substitutes and temporary employment and on whether it wouldn't be a good idea to change these titles at the same time as changing overtime provisions for all of the employees in the Post Office Department.

Is that your view?

Mr. GOODMAN. We have long advocated the complete abolition of substitute categories, and we heartily agree with the approach you indicate.

Mr. OLSEN. Wouldn't it be well to adopt a system whereby people who are hired by the Post Office, and serve a certain number of hours a year, are then considered permanent employees.

Mr. GOODMAN. I would agree.

Mr. OLSEN. There would be a probationary period of a number of hours a year, and the employee would then get status under the civil service system.

Mr. GOODMAN. Yes.

Mr. OLSEN. In your judgment, would there be any increase in cost of overtime if it were extended to temporaries, so-called?

Mr. GOODMAN. No. The reason that you can pay overtime automatically means an increase in cost. This is related to efficiency. And with a proper use of regular employees particularly, there would be no increase.

The Department learned after many years, for example, that they could drastically reduce the number of Christmas assistants hired. For years we appealed in vain. The Department found out the hard way that they could slash the number of Christmas assistants and decrease the costs. They may do it, happily, after all these years.

Mr. SILVERGLEID. As Mr. Goodman pointed out, the regulars are now being discriminated against in the use of overtime.

Mr. OLSEN. In making this change we would have to keep in mind that the newest employee might be discriminated against, in that he might have a hard time getting 40 hours a week. We would have to find some way to protect the newest employee so that he could get at least enough hours of work a week to earn a living wage. I think we ought to ponder on how we would get him that kind of guarantee.

That is all I had. I think I am pretty much in agreement with everything you had to say. I think we ought to get as big a bite as we can this year.

I might say, I think that the bill is going to be a bigger bill than the administration thinks.

Thank you very much.

Mr. UDALL. The gentleman from New Jersey.

Mr. DANIELS. I would commend Mr. Goodman and his associates for a very fine statement. Your recital here this morning indicates that you have done your homework and you did it very, very well.

I have no questions. He knows my views. He knows what bills I have supported. Reference has been made to them in his statement and I think the record speaks for itself.

Mr. UDALL. Thank you, Mr. Daniels.

The gentleman from Hawaii.

Mr. MATSUNAGA. Mr. Goodman, how many members do you have in the National Postal Union in Hawaii?

Mr. GOODMAN. In Hawaii we have a relatively small number. If I were really a good politician, I would speak in the thousands. I will tell you frankly they only run in the hundreds.

Mr. MATSUNAGA. But these few hundreds that you have will be reading your testimony, I presume?

Mr. GOODMAN. I hope so.

Mr. MATSUNAGA. Mr. Chairman, I ask that Mr. Goodman be allowed to amend his testimony on page 12 to indicate that I, too, introduced a bill providing—

Mr. UDALL. The record will show this indisputable fact, and I am sure Mr. Goodman will be happy to concur.

Mr. MATSUNAGA. Other than that, I must say, Mr. Chairman, that Mr. Goodman has presented an excellent testimony and I, too, join in the commendation.

Mr. UDALL. The gentleman from New Jersey, Mr. Krebs.

Mr. KREBS. This is just because I have to catch a plane. I haven't changed my religion. I just want to say that I want to commend Mr. Goodman, Mr. Silvergleid, and their organization for the outstanding comprehensive statement that they presented here today, and to say that I believe that the need and the inequity of the guideposts as set forth in your statement and your dramatic presentation on page 5, of what this increase really boiled down to when all verbiage and window trimming was stripped away from it, puts



the whole case in my judgment in a very compact and effective nutshell.

I thank you both for it.

Mr. UDALL. Thank you, gentlemen, for appearing before us.

Mr. SILVERGLEID. Mr. Chairman, may I have a minute? I hope we are approaching merger, and I may not appear before this committee again in this capacity.

Mr. UDALL. It will be a great loss to the committee if you don't.

Mr. SILVERGLEID. Thank you, Mr. Chairman.

I regret, of course—and you have your own reasons for not asking Mr. Goodman the same question you asked the others—but I have been coming down to these meetings for the last several years.

Mr. Udall, prior to 1961, we never did get a Presidential recommendation for pay. We have only had them since 1961. In those prior years we had to fight our way through and we were fortunate to have members of the House committee who fought with us as we have today.

Now, I have nothing to say in criticism of our fellow associates in their own unions for the position they took. But we are hopeful, frankly, that the committee and the Congress itself will not approve the administration "package." We believe this is entirely inadequate and we are not prepared to buy it.

Thank you, Mr. Chairman.

Mr. GOODMAN. Mr. Chairman, I would ask leave to make a statement. Although I have not been asked the "\$64 question," I think I owe it to answer it.

Mr. UDALL. As the witness suspects, there was probably a reason why I didn't ask.

Mr. GOODMAN. I am sure there is. There is also a reason why I raise it. I have to be reelected, too. The reason we don't accept the administration's package is that it ignores the fundamental principle of equity. Let the administration come forward with guidelines on profits and dividends; let them assure us there will be no increase in prices and we will take our place along with all other Americans and sacrifice.

But no review of the record of the last 4 years on comparability can honestly arrive at any conclusion but that despite the merits of the administration's concern with inflation—so are we—this is an excuse, not a reason.

It was pointed out by a member of this committee that we will not get comparability this year or next year or any other year. We are on an economic merry-go-round and we will never get near the brass ring. I say with respect to Vietnam, I have a son in the Armed Forces, and one of the things my son is prepared to fight for is to advance the dignity and living standards of workers. This is part of the American concept, too. Because we do not have the right to strike, leading to a history of paternalism, this does not justify the paternalistic approach which says that among all the workers in America we cannot exceed 2.4 percent.

Nothing I say may have the slightest impact, but we must be honorable. The administration may impose it, but let the record be clear. National Postal Union does not agree with it.

Thank you, Mr. Chairman.

Mr. UDALL. Thank you, gentlemen. It is always a pleasure to have you before us. You presented your case very adequately.

The final witness was to be Mr. Fred O'Dwyer, accompanied by Mr. Daniel Jaspan. Gentlemen, we have a rigid schedule for all the different organizations. The Chair is prepared to hear you today. So you can either proceed now, or the subcommittee will reconvene at 1:30 or 2.

Mr. O'DWYER. We are prepared to come back this afternoon.

Mr. UDALL. I suspect the pressures now would be such that we wouldn't have a chance to develop your points as fully as we would this afternoon.

Would 1:30 be better than 2?

Mr. O'DWYER. It would be fine. Either time is all right with us.

Mr. UDALL. The subcommittee will meet again at 1:30. We stand adjourned until that time.

(Whereupon, at 12:05 p.m., the subcommittee recessed.)

#### AFTERNOON SESSION

Mr. UDALL. The Subcommittee on Compensation will come to order for further consideration of 1966 salary legislation.

Our final witness today is Mr. Fred J. O'Dwyer, president of the National Association of Postal Supervisors, accompanied by Donald N. Ledbetter, the secretary, and Mr. Jaspan of that association.

Gentlemen, if you will come forward to the witness table we will be happy to hear from you.

#### **STATEMENT OF FRED J. O'DWYER, PRESIDENT, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS, ACCOMPANIED BY DONALD N. LEDBETTER, NATIONAL SECRETARY, DANIEL JASPAN, LEGISLATIVE REPRESENTATIVE, AND CHARLES J. TURRISI, NATIONAL TREASURER**

Mr. O'DWYER. Thank you. We also have our national treasurer here, Charles J. Turrisi.

Mr. UDALL. We are glad to have him.

Mr. O'DWYER. Mr. Chairman, I do want to express my appreciation for you scheduling this hearing this afternoon. Mr. Chairman, in the interest of time I will highlight my statement but ask that the full statement be made a part of the record including the two charts that I have at the end.

Mr. UDALL. Without objection, the entire statement of Mr. O'Dwyer and the two attached exhibits will appear in the printed record following his testimony.

You may proceed.

Mr. O'DWYER. Thank you, Mr. Chairman.

The Federal Salary Act of 1962 established the comparability principle. Briefly, Public Law 87-793 provides that Federal salaries shall be comparable with private industry based on annual surveys conducted by the Bureau of Labor Statistics.

Public Law 87-793 contained a postal field service salary schedule based on comparability. Due to budgetary limitations, it trailed some 1 to 3 years, comparability figures available at that time.



However, the principle which we had espoused for many years was established and blazed a new trail in salary bills. We assumed, and hoped, that this would be carried out fully in future bills.

Public Law 88-426 was an emaciated version of the proposal. Chart A, which is at the end of this testimony, shows at a glance how the principle of comparability was distorted by Public Law 88-426.

As can be readily seen in chart A, employees in the first four levels received salary increases of more than 6 percent. This is double the increase of 3.2 percent for level 7. The percentage decreased steadily in the higher levels, with level 10 receiving only a 2.6-percent increase.

Mr. UDALL. Your members are largely 6, 7, 8, and 9.

Mr. O'DWYER. Six through 17. We have confined this to level 13 because this comprises the greater bulk of our membership.

Mr. UDALL. I suppose most of the members are in the 6, 7, 8, and 9 levels.

Mr. O'DWYER. The bulk of our membership is in the 6, 7, 8, and 9. We have a few in 5, mostly assistants to postmasters, assistants to the superintendents, but the bulk are in 6, 7, 8, and 9.

This chart, we believe, is a graphic picture of the compression created in the middle levels and we feel, of course, and know, as a matter of fact, that that compression is still there at the present time.

It is difficult for anyone to maintain that comparability existed in this law. If anything, the reverse is true. The figures of the Bureau of Labor Statistics demonstrated that larger increases should have been applied to the middle and upper levels. Simple justice should have demanded no less than the same percentage increase for all levels.

This brings us to Public Law 89-301. The figures of the Bureau of Labor Statistics, based on 1964 comparability, showed that Federal employees needed from 3.5 in the lower grade to 11.1 in the upper grades to achieve comparability as of March 1964.

The across-the-board 3.6 salary increase granted in Public Law 89-301 did not close the gap. The lag continues, but has fallen further behind since salaries in industry had risen approximately 3 percent between the 1964 and 1965 report.

The salary proposals in most of the bills introduced this year are based on a straight 7-percent across-the-board increase. The 7-percent figure can certainly be justified in the lower levels, based on studies made by the Government agencies.

However, to achieve full comparability, more than 7 percent is needed in the middle and upper levels. H.R. 12838 meets this test. It contains a 7-percent increase for the first five levels and a gradually increasing percentage in levels 6 through 20. It will bring about current comparability for all levels in the postal field service.

We are certain the members of this committee endorse the principle of comparability. Only by the enactment of a salary bill with this salary schedule can it be achieved.

In 1962, as well as in 1964, 1965, and 1966, the Chairman of the Civil Service Commission, the Director, Bureau of the Budget, and Post Office Department officials have admitted the gap has been widening in the middle and upper levels.

H.R. 10281, which passed the House with an overwhelming majority last year, would have closed part of the gap if the provision for the second phase had been retained by the Senate. That would have

brought us nearer to comparability than we have ever come. However, as we all know too well, this feature was lost when the Senate acted.

The testimony of Mr. Macy and Mr. Murphy demonstrated the need for larger increase in the middle and upper levels. They stated that the administration proposals would go at least one-third on the road to comparability.

However, while bringing the first four PFS levels to 1965 comparability, there is no provision for an adjustment in PFS levels 6 through 9. On the same ratio as the lower and upper levels, a minimum increase of 3.2 to 3.4 percent is needed and approximately 5 percent in level 10.

Chart B, also at the end of the testimony, graphically discloses the imbalance in the administration proposals. The lower line is the administration proposal. You will note there is no adjustment for comparability until level 10.

We earnestly request this committee to increase the percentage to a more realistic figure. We feel this should be the year to embrace Operation Catch Up.

We reiterate, therefore, our recommendation to this committee of the enactment of the Hanley bill, H.R. 12838. If a compromise is necessary, we strongly recommend a provision to close at least half the comparability gap in any salary bill enacted this year, with provisions for a complete catch-up in 1967.

Employees in the postal field service have also fallen behind comparability with industry in the overtime provisions. H.R. 12240, H.R. 12288, and H.R. 12924, introduced by Congressmen Olsen, Daniels, and Cunningham, respectively, contain overtime provisions but they limit such payments to the first seven levels.

H.R. 12094, introduced by Congressman Krebs, and H.R. 12838, introduced by Congressman Hanley, provide time and a half for overtime payments for all employees who work more than 8 hours in 1 day, or on Saturdays.

This committee approved, and the House passed, H.R. 10281 last year. This bill provided for the mandatory payment of overtime through level 10. The Postmaster General was granted the option of paying overtime above level 10. This is another provision that was eliminated by the Senate. Public Law 89-301 limited the payment of overtime to PFS-7 and below, with payment to levels 8 through 14 at the option of the Postmaster General.

The Christmas season, as you know, is the heaviest mailing period of the year. Under the optional provision, the Post Office Department was reasonably liberal in authorizing payment of overtime to employees in PFS 8-14 during this time.

However, in certain areas limits were placed on the number of hours of overtime for employees in these levels but not in the lower levels. We have reports that some offices required lower level employees to work overtime on designated weekends, but did not permit PFS 8-14's to work.

What is more disturbing, however, is that under this optional authority employees in PFS 8-14 are, in many instances, detailed to a 6-day week.

Section 5(a) of Public Law 89-301 states "a basic workweek is established for all postal field service employees consisting of five



eight-hour days." The intent of Public Law 89-301, I am sure you gentlemen will agree, was that every regular postal employee would be assigned to a 5-day week. The law requires that regular employees in PFS-7 and below must be paid overtime for all hours in excess of eight each day and for work on the sixth and seventh day.

Public Law 89-116 provides for a 5-day week for postmasters. So what happens? In many cases the employee in PFS-8 and above is scheduled to a workweek of Monday through Friday and from 4 to 6 hours on Saturday.

As the law permits payment of overtime or compensatory time in these levels, he is granted a compensatory day off in the following week or within the next 30 days. In effect, the supervisor in PFS-8 and above is no more than a substitute. Gentlemen, we submit that this is a definite violation of Public Law 89-301, which establishes a basic workweek of five 8-hour days.

Mr. Murphy, in his statement, pointed out that supervisors in industry are not always granted overtime payments. We do not deny this. However, supervisors in industry are given other benefits and privileges that we do not receive in the postal service such as bonuses, stock options, paid membership in clubs, profit sharing, and many other benefits.

Aside from this, employees under the Classification Act in grades 1 through 9 are paid overtime, and above these grades at the rate of GS-9. There is, therefore, a precedent in the governmental service and we feel equity to our proposals for the payment of overtime in all levels of the PFS schedule.

We again strongly recommend the overtime provisions of H.R. 12094 and H.R. 12838.

Another part of H.R. 10281 which was approved by the House last year and eliminated on the Senate side, would have been a partial solution to the inequity whereby senior employees are placed in steps below the step of the junior employee promoted at a later date.

The section approved last year in H.R. 10281 applied only to senior employees promoted to a higher level between July 9, 1960, and October 13, 1962.

Section 5 of H.R. 12838, introduced by Congressman Hanley, will eliminate all inequities as no date restrictions are imposed. The Hanley bill provides that the senior employee who is in a step below that of a junior employee in his own office in the same level be advanced to the same step.

The enactment of this provision would be a tremendous boost to the morale of our members who receive less money than other supervisors who entered the service and became supervisors at a later date. The following gives some examples of supervisors with more seniority who are in lower steps than junior employees.

I will only cite the first two. You will note Mr. W. B. there was promoted in 1965, whereas Mr. W. K. entered the service approximately 4 months later, was promoted and a differential of \$825 exists between these employees.

In the next example, Mr. R. N. H. entered the service in 1937. Mr. C. E. A. entered the service approximately 5 years later. He was promoted 2 years later. There is now \$197 difference.

I believe these two cases would highlight the examples and many others that we have in our files.

Mr. UDALL. They are certainly striking examples and the others will appear in the record.

Mr. O'DWYER. Thank you.

We strongly urge the enactment of section 5 of H.R. 12838 to correct these glaring inequities.

Although the salaries at the top steps of the levels may look attractive, a very large number of supervisors will never reach that step. Under the present salary schedule, progression from step 7 to the top step is at 3-year intervals.

Supervisors are promoted from the rank-and-file employees. According to figures furnished by the Post Office Department, the average entry age of clerks and carriers is above age 30. Many of them do not become supervisors in less than 25 years. This brings the average age to at least 55, which is the optional retirement age.

If they are promoted to level 7, they are placed in step 6 and it then takes 13 additional years to reach the top step if they remain in level 7.

When an employee is promoted to level 7 he automatically drops back to a lower step. Many will never reach the top step of a new level because of the age factor. If he is promoted above level 7, he again drops back a step or more each time he is promoted which makes it even more difficult to reach the top step.

This situation is common only to the postal field service, where practically all of the employees enter in the lower levels. In other agencies, many employees enter the service in a supervisory or management grade because there are many more positions in those grades than in the postal service. Only 9 percent of all postal employees are in level 7 or higher, while 42 percent of the employees under the Classification Act are in grade 7 or higher.

A person who enters the classified service in the middle and upper grades would normally have little difficulty in reaching the top step of his grade. In the postal service, it is almost impossible. We urge this committee to study our recommendation that all steps in the postal field service schedule be at 1-year intervals.

When Chairman Macy of the Civil Service Commission and Mr. Roger Jones of the Bureau of the Budget testified on another bill earlier this year, they indicated that fringe benefits should not be considered piecemeal but would be part of the overall recommendations.

They also indicated that fringe benefits were more liberal in the the Federal service than in industry.

Last year Mr. Ewan Clague, who was Commissioner of Labor Statistics, appeared before this committee. He stated at that time that total expenditures for fringe benefits were approximately the same for white-collar employees in private industry and the classified employees in Government.

Mr. Clague also brought out the fact that expenditures or paid leave were slightly higher for Federal employees, but all other expenditures were higher for employees of private industries, including retirement, unemployment, and health benefit programs.

He stated that private industry employees receive some additions to payroll not available to Federal employees; for example, savings and thrift plans, year-end and other special bonuses.



According to Mr. Clague, one-fourth of the companies reporting such data paid all of the costs of health, accident, and life insurance plans. Three-fourths of those with contributory plans paid more than half the cost. The Federal contribution is much less than half.

A very important part of Mr. Clague's statement was that the Federal employee makes a larger contribution relative to basic salary to his health and retirement programs than the private employee—about 8.5 percent to about 6 percent. This shows that the Government lags far behind in comparability in fringe benefits, except for paid leave.

Without a bill on the fringe benefit proposals of the administration, it is not possible to state a position on each aspect. We do feel, however, that the life insurance proposals of Congressman Daniels and Congressman Matsunaga are equitable and should be enacted into law in this session.

As to the other aspects, we have read the President's message to Congress and can see nothing therein that warrants a 0.5-percent increase in our contributions to the retirement fund. Mr. Murphy stated that employee representatives who appeared before the Cabinet level committee agreed to an increase in the contributions. We certainly did not agree to any increase at that time, nor do we now agree. We are certain that those who were not opposed to such an increase expected a greater liberalization of benefits.

We did support granting of social security benefits to those employees who did not work enough years in civil service positions to establish eligibility for retirement benefits.

We are unalterably opposed to the agencies having the option of forcing employees with 30 years' service to retire. Even though this option is restricted to employees in GS-13 and above, which is equivalent to PFS-14 or 15, we cannot support it.

In the first place, it is difficult for any agency official to make an objective judgment of the value of an employee who has reached the 30-year, 55-age stage. There is a strong possibility, and even a probability, that these employees could suddenly find themselves expendable due to changes in the administration or even in the staffing of offices.

Mr. Murphy said that it is better to release the employee in this manner rather than begin an adverse action procedure. This is merely a matter of semantics. Adverse action would still be taken, but the employee would have no appeal rights or other protection. This would be the beginning of the end of the merit system and would undermine the whole civil service system. We strongly urge this committee to delete this proposal.

We are very disappointed with the health benefits proposal. Despite the fact that more and more industries are assuming the total cost of health benefits insurance, the administration merely proposes to increase its contributions by \$1.06 per month until 1968. By that time, insurance costs will probably be increased and practically all of private industry will be paying 100 percent.

The percentage of the Government contributions has steadily declined from about 38 percent while industry has been increasing its share.

There is no good reason why the Government should not assume at least 50 percent of the cost.

The proposed effective date of January 1, 1967, would again widen the gap between salaries in industry and Federal salaries. The trend in industry is steadily upward. Despite the suggested guidelines, it is common knowledge that few, if any, union contracts provide less than a 4-percent increase.

We are asked not only to accept less practically a year from now, but we are asked to accept a salary schedule that is below comparable salaries according to figures already more than a year old. To keep the situation from becoming worse, the effective date should be January 1, 1966.

Although the administration has stressed budgetary considerations and the Vietnam situation as grounds for not proposing real comparability at this time, it is our firm opinion that we should not be penalized because we are employed by the U.S. Government.

We are as patriotic as any other Americans, but we object to being discriminated against by the postponement of comparability in salaries and fringe benefits while those employed in industry have constantly had increases in both—and the trend is continuing.

The administration witnesses have pointed to industry as precedent. However, they have not pointed out that salary increases and fringe benefits in industry have been much greater over the years.

We do not believe that this is the proper time to tie in salaries and fringe benefits as proposed. When we reach comparability in salaries and fringe benefits, we will be willing to accept package deals.

We strongly urge this committee to:

1. Report out a bill that will have a salary schedule based on current comparability, such as H.R. 12838, introduced by Congressman Hanley.
2. Extend overtime payments to all salary levels instead of confining them to the lowest seven levels.
3. Include a section to eliminate the growing number of inequities whereby the senior employee receives less money than the junior employee in the same level.
4. Have all step increases at 1-year intervals.
5. Eliminate any reference to increased employee contributions to the retirement fund unless additional meaningful benefits are included.
6. Liberalize the Life Insurance Act.
7. Eliminate any provisions to grant the agencies the option of retiring an employee who has reached the optional retirement age.
8. Increase Government contributions to at least 50 percent of the health insurance premiums.
9. Report a bill with an effective date no later than the enactment date.

We appreciate the opportunity of presenting our views and hope that the combined subcommittees will act favorably and promptly on our recommendations so that we will not again be thwarted in our continued quest for comparability.

Mr. UDALL. Thank you, Mr. O'Dwyer. You have presented a very forceful statement.

The gentleman from Hawaii.

Mr. MATSUNAGA. Mr. Chairman, Mr. O'Dwyer, you have heard the testimony of the other employee witnesses and in answer to questions put to them by me, they all agreed that with limited dollar



allocation for salary increases, they would prefer that the lower salaried employees be given the bigger dollar increases.

Do you agree with this proposition?

Mr. O'DWYER. Mr. Matsunaga, I certainly do not. I can understand the position they take, because they are representing the lower level employees. We are representing the employees in levels 5 and up, and certainly if you are going to add greater dollar increase to the lower levels, there is no question in my mind that you are going to distort the whole structure of the salary phase.

We certainly are not in agreement with a greater percentage in the lower levels nor in a dollar application to the lower levels, but feel that the full percentage increase should be applied which we feel is necessary and adequately demonstrated in chart B.

Mr. JASPAN. May I add, as Mr. O'Dwyer pointed out, fewer than 10 percent of the employees are in supervisory levels. The Post Office Department gave you figures that each 1 percent increase costs \$42 million. That means for supervisors, each 1 percent would be \$4 million.

Mr. OLSEN. Say that again.

Mr. JASPAN. Each 1 percent increase to the postal field service schedule is \$42 million. The supervisors comprise less than 10 percent of the total number, which means that each 1 percent would be \$4 million, roughly. If you took the 1 percent away from us and gave it to the four hundred and some thousand nonsupervisory employees it would give them \$10 per year, not a week, but a year. That is 20 cents a week.

I am sure that the other organizations, if they figure that out, would not want to take this little bit away from us so they get 20 cents per week before taxes, which means about 15 cents a week after taxes. Or if you take the whole 3 percent away from us, that would give them \$30 a year which is just a drop in the bucket.

In the meantime it would be penalizing us who have been pushed farther and farther from comparability to give them not even enough to buy a pack of cigarettes a week.

Mr. MATSUNAGA. What about the proposal to give a 3.2 percent across the board rather than have it graduated as the administration proposed, and have a bigger percentage of increase to the higher level employees?

Mr. JASPAN. Well, as I mentioned before, even if they gave the 4.5 percent increase, which is the maximum, if they took that all away, there are so few people that it wouldn't amount to much at all to the lower levels, because I am taking the whole PFS schedule, and in the schedule there are 437,000—

Mr. MATSUNAGA. No, my question was: Would you oppose a 3.2 percent across the board?

Mr. JASPAN. That would be much better than having a higher percentage in the lower levels and a lower percentage in the higher levels which I believe that you proposed earlier today. If it were the same percentage all the way across we couldn't oppose it as strongly as we oppose giving more to the lower levels and less to the higher.

Mr. MATSUNAGA. I realize that the comparability levels are getting wider and wider apart. But then on the basis of comparability again, I feel that the lower levels have been suffering, because in private in-

dustry for some reason the lower level employees have not enjoyed the pay increases as the higher level employees have.

Mr. JASPAN. Mr. Matsunaga, I think there are two principles involved here, whether you are going to figure on the principle of comparability which is the law or the principle of need which is not the law.

The principle of comparability: Everyone who has appeared before this committee has said they want comparability. If you are going to use that principle then we must use the figures that Mr. Murphy and Mr. Macy presented.

According to Mr. Murphy's figures, the first four levels would be brought up to 1965 comparability by this salary schedule, whereas our people would be behind the 1965 comparability with the schedule in amounts running from 1.2 to 9.2 percent. So if you are going to use the principle of comparability then we are far behind and this idea would push us even farther.

Mr. UDALL. Everyone is comparable but some are more comparable than others.

Mr. MATSUNAGA. The theory of comparability would definitely favor the supervisors, and then your observation that is, everybody is favoring comparability is in error; I believe after listening to the witnesses this morning and yesterday that they say comparability is a farce.

Mr. O'DWYER. If I can interrupt I did not get that impression from their testimony. I got the impression that they feel the linkage is a fallacy, but not the principle of comparability itself.

Mr. MATSUNAGA. Comparability as it has been put into operation.

Mr. O'DWYER. But not the comparability principle itself.

Mr. MATSUNAGA. Maybe you are right there.

Mr. OLSEN. You are both right.

Mr. MATSUNAGA. How many supervisors do you have now in numbers?

Mr. O'DWYER. 28,500 out of a possible 31,500.

Mr. MATSUNAGA. I was somewhat struck at the figure here. You say 9 percent of all postal employees are in level 7 or higher, while 42 percent of the employees under the Classification Act are in grade 7 or higher.

Mr. O'DWYER. This is factual and this is what creates the compression within the postal field service. There are only 9 percent—this includes our group and the Postmasters Association. Only 9 percent are above as compared to the 42 percent.

We feel and have maintained all along that we are inadequately staffed in the postal field service. We don't believe that we have sufficient management in the postal service. I think this is very evident when you compare the 9 percent in the postal field service with over 600,000 employees to the other Federal agencies who have 42 percent. We feel we are way understaffed in the managerial levels.

Mr. MATSUNAGA. Now let's take grade 7 level. He is the supervisor at grade 7?

Mr. O'DWYER. Yes.

Mr. MATSUNAGA. How many employees does he supervise?

Mr. O'DWYER. It varies. The greater bulk of the supervisors of mails may supervise anywhere from 20 to 45 employees.

Mr. MATSUNAGA. And in the classification service, how many would a GS-7 supervise?



Mr. O'DWYER. In private industry I think it is about 1 to 12, and I think this is about the average 1 to 10, 1 to 12.

Our service shows a ratio of about 1 to 18 but there are many small offices where we would have only 1 supervisor.

Mr. MATSUNAGA. What is the reason for this lag in the promotion to supervisory levels?

Mr. O'DWYER. You mean the number of supervisors?

Mr. MATSUNAGA. Yes.

Mr. O'DWYER. Well, I think it has been a result of economies over the years in the postal service, and an inability to get sufficient appropriations to properly staff. I believe this is what has put the postal service so far behind in the managerial areas.

Mr. MATSUNAGA. Has your organization agitated for increase in the number of supervisors?

Mr. O'DWYER. We have been agitating for that for many, many years, but we haven't been successful to this point.

Mr. LEDBETTER. There is a key position in the law, foreman of mails, level 7. The law says that this foreman of mails will supervise approximately 20 or more employees.

The Post Office Department has interpreted "approximately 20 or more employees" to mean as many as 40 employees.

In addition to this, there is no key position for foreman of carriers, and so a foreman of carriers in PFS-7 can supervise as many as 60 carriers without getting level 8.

We don't think it's right, and I don't think anybody else does, but this is what we are bound by.

Mr. MATSUNAGA. Let me ask you this as a followup: Do you suppose that by increasing the employees at the supervisory level you would be able to increase the efficiency down at the lower levels?

Mr. O'DWYER. No question about that. It would increase efficiency. I think this is one of the difficulties in the postal service today. There is not adequate supervision. When a supervisor has to supervise 40 employees it is just an impossible task. It is not compatible with private industry or other Federal agencies.

The spread is too great to give the individual attention that should be given to the supervision of employees.

Mr. MATSUNAGA. Has any legislation been introduced lately to provide for the increase in supervisory level employees?

Mr. O'DWYER. I understand the Post Office Department has made the recommendation to the Appropriations Committee, and the committee has apparently been critical of the increases that have been made. However, I don't think they have ever taken into consideration this wide disparity that exists between private industry, the classified service, and the Post Office.

We have increased over the last 4 or 5 years in the supervisory levels. There has been an increase, but it is nowhere in line with the increase that should be granted.

It is my understanding that the Appropriations Committee raises a question because of the number of supervisory positions that have been added to the postal service, not giving consideration to how much behind we are with private industry or with the Classification Act employees.

Mr. MATSUNAGA. Has any study been made by any Federal agency in this area?

Mr. O'DWYER. I understand that in the appropriations hearings last year a question was raised as to the ratio of supervisors to employees, and I believe the Post Office Department has engaged a firm to make this study. I am not too optimistic as to the outcome, frankly, because I understand the contract was limited to \$40,000, and I don't believe that a study can be accomplished with that amount of money by a private firm to demonstrate the need for more supervisors. I am not too optimistic as to the outcome of this study.

Mr. JASPAN. Mr. Matsunaga, I would like to add that there have been studies made in industry of the number of people supervised by first-line employee. There are no recent studies but I have one that was made by the Bureau of National Affairs some years ago. They found in offices that the average number of employees supervised by first-line supervisors in the larger companies was from 1 to 25 employees, and the smaller companies from 4 to 30 employees, with the median 10 employees supervised by the first-line supervisors, which is the equivalent of our level 7.

That is about the only study that I know of that has actually been made of the subject.

Mr. MATSUNAGA. Mr. Chairman, I would strongly suggest if it is within the jurisdiction of this subcommittee or any other subcommittee of the Post Office and Civil Service Committee that such a study be instituted in the Postal Department, because I am shocked to hear that 1 supervisor takes care of as many as 40 subordinates.

Mr. O'DWYER. Sometimes it is more aggravated than that. If one is off sick he will have to double up and have 80 to supervise.

Mr. UDALL. This is a disturbing fact to me. The jurisdiction for such a study would fall within the confines of Mr. Dulski's or Mr. Olsen's rather than this subcommittee.

Mr. MATSUNAGA. We will probably be doing a favor for the National Association of Supervisors by increasing the membership potential.

Mr. O'DWYER. You would also be doing the rank and file members a favor. I think it is indicated that they have no place to go because of the few positions above. If there were more supervisory positions up above they would no longer be at a dead-end street.

You can very well see with 91 percent of the employees in the lower levels that they definitely are in a dead-end street. If the structure were greater at the top there would be a greater opportunity to get them out of this dead-end street and to permit them to progress to the supervisory levels.

Mr. MATSUNAGA. Is it true that to get to the supervisory level, there is no way to be appointed, except by rising from the ranks?

Mr. O'DWYER. They must have a minimum of 5 years' service in order to take an examination to progress to supervisory position. So in effect outsiders do not come into the postal service except in the regional office perhaps, but not in the post service per se.

Mr. MATSUNAGA. Well, this supports your contention that we ought to have more on the supervisory level. No wonder we are having difficulty in recruiting workers at the lower levels.

Mr. O'DWYER. This is true.

Mr. UDALL. Mr. Olsen.



Mr. OLSEN. It would seem that the only thing the letter carrier or clerk work for is retirement.

Mr. O'DWYER. This is about right. This is what the greater bulk of them are restricted to.

Mr. OLSEN. Ninety-one percent you say.

Mr. JASPAN. We might add that even when he becomes a supervisor, level 7, he usually stays in that level the rest of his life.

Mr. OLSEN. The fact is that we could increase the productivity of the Post Office Department very greatly with better leadership. I am talking about better leadership in more leaders.

Mr. O'DWYER. More numbers, that is right.

Mr. OLSEN. We wouldn't downgrade the qualifications at all. We would keep a high standard of qualifications but increase the number of those qualifying. We must probably do this from an authorization committee point of view. That is, we would authorize and direct the post office to increase the numbers of supervisory people by a ratio. I think that we have got to come to this. I think that when we go to a mechanical operation of the post office, we have got to have people who have the larger knowledge of the distribution of mail. We have got to have more of them to supervise the other people.

Mr. JASPAN. One way that could be done, Mr. Olsen, is that Congress would tell the Post Office Department to carry out the intent of Public Law 68, where it says supervises approximately 20 or more employees. Make them confine that closer to 20. In fact, until recently, even this ceiling wasn't there. They would go up 45, 50, and 60 employees for 1 man to supervise.

Mr. OLSEN. I am aware of that in places like Great Falls, Mont., and Spokane, Wash. They are cities of approximately 100,000, you know. When a supervisor has the day off, then the remaining supervisors have a greatly increased number of people to supervise.

Mr. UDALL. Often you have the day off for the poor fellow because you can't pay him overtime, the only way you can work him extra is to give him a compensatory day off.

Mr. MATSUNAGA. If the gentleman would yield.

Mr. OLSEN. Yes.

Mr. MATSUNAGA. Mr. O'Dwyer, if your staff would be willing to prepare an amendment to that act setting a maximum ceiling rather than the vague 20 or more—

Mr. OLSEN. It ought to be something like more than.

Mr. MATSUNAGA. I would be willing to introduce that, to call this matter to the attention of the administration that this we think was the intent of Congress.

Mr. O'DWYER. We certainly would be happy to prepare that.

Mr. MATSUNAGA. If we introduce a bill, maybe they will pay better attention to it than if we should write a letter to them.

Mr. O'DWYER. This would help considerably. I appreciate your thought.

Mr. OLSEN. You talk about overtime pay for all salary levels instead of confining it to the lowest seven levels. How high would you go with overtime pay before you would get to the person who is determining his own overtime?

Mr. O'DWYER. Well, it would depend on the size of the office. This would be pretty difficult to say. In a certain size office maybe a level 10 might be the determining authority. Generally in the larger

offices is where the bulk of overtime would be involved. It would be, say, in the area of PFS 13 or 14. In the bill introduced last year there was reference to PFS 10. We feel that to be equitable. If the line is to be drawn we feel it should be through PFS 10.

Mr. OLSEN. Where is the line now?

Mr. O'DWYER. At seven.

Mr. OLSEN. I see. Now, getting to No. 7 of your summation on page 10, obviously there, too, there would be people who would have authority to excuse themselves from retirement. At what level would we permit the Government to retire people at will?

Mr. O'DWYER. I don't feel there should be any area at which they should be permitted to retire people at will.

Mr. OLSEN. After 30 years.

Mr. O'DWYER. At any time we do not believe they should have this option. We feel there are already established procedures and means to displace people who are not qualified. It can be accomplished right now under present regulations. If you set an area where the agency can dismiss an employee, let's say, at certain age factor or as proposed by the administration, at 30 and 55, you are then permitting an agency to exercise their jurisdiction with no right of appeal. I think this is the important factor to bear in mind, that this would permit in a change of administration, we don't like to talk about politics, a change of administration could mean the wholesale departure of many of the people in the Federal service that are over 55, not by reason of lack of qualifications, but merely by reason of a change in the political atmosphere.

This certainly is a very dangerous precedent, I believe, to get into.

We don't believe there should be any place where the Government should have the option to exercise this provision. That there are adequate means now under the civil service regulations to discontinue the service of employees who fail to meet the qualifications.

Mr. OLSEN. I am not talking about the administration; I am talking about management, distinct from the present Democratic administration. I have come to know that the administrators of the Federal Government would like to permit people to retire at 55 on 30 years' service. But, before they will take that, they want the option to, in turn, encourage people to leave at 30 years.

Mr. O'DWYER. We understand the desire, but certainly are not in agreement with it. We are completely opposed to it.

Mr. OLSEN. You don't feel that it is worthwhile, even if it is a bargain?

Mr. O'DWYER. That is not a bargain. We would bargain away the 30-55.

Mr. UDALL. Will the gentleman yield?

Mr. OLSEN. Yes.

Mr. UDALL. I was impressed with your statement. I agree with you almost all the way down the line. This is one place, unfortunately, I don't agree. Since we have no time limitations this afternoon, if you will permit me at this point, I will state my reasons.

One of the great complaints that Congressmen and taxpayers have is that you have people who have been in office too long, a hardening of the bureaucratic arteries. We are also getting complaints to get action, to do the many things which should be done. So many times I find someone in a bureau who simply has run out of steam and



he won't move. You said there are procedures to get someone out who is not qualified, and that you may have a qualified man in the job.

We do a couple of opposite things. We complain at management because they won't manage and yet we won't give them the tools to do the job. In the key positions, GS-13 and above which are covered in this bill, I would not only want someone who was simply qualified, if I were running an agency, I would want someone who was highly qualified. Let's consider a qualified person who has run out of steam or isn't as good as someone below him. Without blanking his record or criticizing him in any way if you had a tool to enable you to let him go, I think it would be one of the best tools we could have. I don't think the level should be reduced to seven or eight.

I know the argument is made that this would be a foot in the door. I wouldn't want to go below 13. If you can't even do it at that level, to get some people with some incentive, some people who maybe can see some hope some day that they may have a higher position, then I think you are in bad shape.

I think we did a fine thing last year when we gave an incentive to retire earlier and so many hundreds of thousands of people retired. In many, many agencies, the morale was improved. This is a small step, but I think it is an important step and one that I support.

Another argument is made that there will be personalities; there will be someone who doesn't like an individual, a higher supervisor. This is true. But if you balance on the one hand the right of management to manage, by giving them a tool to move some people out a little faster than otherwise, as against the possibility that occasionally this tool will be used for personal reasons, because of personality conflicts, it is more important to give management this tool.

So, while I accept your strong feelings, I can't agree with them. I certainly would say that from level 13 and above, management should have these rights. These are high-level people who generally have policymaking positions. They have served 30 years.

It shouldn't be necessary to have a reason; you should simply say we would like to start a movement of younger people up in the ranks and give them a chance to manage. I believe it is a fair bargain. I had hoped that you wouldn't oppose it, but I understand the strength of your feelings on the subject.

Mr. JASPAN. Mr. Chairman, I think that this whole argument is on a very weak basis. In the first place, you are assuming that when a man is 50 years old and has 30 years' service he is more likely not to be a good supervisor or manager or whatever you call him.

Mr. OLSEN. Can I interrupt you there? That isn't the presumption, Dan. That isn't the presumption. The point that Mr. Udall is making—and we have not talked of this, but I just sense it—that when a man is 50 years of age and has 30 years in the service, that he should be an outstanding leader by then, and if he isn't, management ought to be able to go look for somebody inside the service now, inside of the civil service system, inside of the merit system, management ought to be able to select somebody who is a leader.

Mr. UDALL. That is right.

Mr. OLSEN. We were looking for something that makes this system grow. We are talking about comparability, you know, and there

is nobody with a stronger feeling about this than I. But, in this Federal system we have got to be able to enlist the best leadership. And when we are talking about GS-13, we are talking about a field whereby we are entitled as citizens—never mind as leaders of the Government—we are entitled as citizens to demand that we have dynamic leadership. If we haven't got it, we have got to have an option, I think.

Mr. UDALL. Not just qualified, you want them to be highly qualified.

Mr. OLSEN. We want them to be leaders.

Mr. UDALL. You talked about the doors being closed to the poor letter carrier. If you had a tool where you could begin a little movement in 13 and above, you might have some movement in 12, 11, 10, and 7, and 6. This is a very modest step.

Mr. MATSUNAGA. If the gentlemen will yield.

Mr. OLSEN. I yield.

Mr. MATSUNAGA. This, as I understand it, is purely optional on the part of the Government.

Mr. UDALL. Yes.

Mr. MATSUNAGA. So that if the man in GS-13 or above proves himself to be that dynamic leader we are seeking, then there would be no reason for removing him.

Mr. UDALL. They are not about to let him go.

Mr. JASPAN. What we are afraid of is that subjective appraisal will be made. If we knew that objective appraisal could be made, then we wouldn't oppose it so much.

Mr. OLSEN. I understand your fears, but you know, politics isn't always bad, and you people certainly have it inside of administration, just as we have it in the legislative branch. It isn't always bad.

We are talking about high motives on the part of the leaders of the administrative agencies. They are trying to give the Nation the best kind of leadership and let those people who are really driving move ahead. And that is why my question is: Isn't there some level at which you people would agree that the administration should have the option to retire somebody on 30 years' service at 55 years of age; isn't there some level at which management should have that option?

Mr. O'DWYER. I would have to repeat again that we couldn't compromise on that issue at all. In my statement I pointed out the fact that the average clerk advances to a supervisory position. Generally, he is 30 years of age when he comes into the service. This is the statistics of the Post Office Department.

Mr. OLSEN. Thirty years of age when he comes into a supervisory position?

Mr. O'DWYER. Thirty years of age when he comes into the post office.

Mr. OLSEN. That is because of the veterans' preference.

Mr. O'DWYER. Not necessarily.

Mr. OLSEN. I think it is a big factor.

Mr. O'DWYER. When he comes into the service as an average, as we pointed out in our testimony, he is at least 40 to 50 when he reaches a level 7 position, because of the seniority factors involved. So now you are saying at 55 this poor fellow who hasn't had a chance to progress should be eased out of the service.



Let me point out another thing. You say that politics isn't a factor. It enters into the situation, however, in the appointment of postmasters. As you gentlemen well know, when a postmaster vacancy occurs there are a number of people aspiring for those positions. They are in competition perhaps with an outsider for the position. After the outsider gets the position and comes in he has not too pleasant a feeling toward the people who were candidates and opposed him, and he would probably feel inclined to take some action to ease these persons out of the competition when the examinations are pending or coming up. These are the dangers that are involved.

The other danger that I want to point out to the chairman is—

Mr. OLSEN. What level are you talking about now?

Mr. O'DWYER. Anybody can file for postmaster. It is generally the assistant postmaster in the office who is generally most qualified based on years of experience. He would be the one who perhaps would file for the position of postmaster, as a career employee.

Mr. OLSEN. I see. What level are they for the most part?

Mr. O'DWYER. Well, it would vary. It would depend upon the size of the office.

Mr. OLSEN. Do you have any ideas of figures?

Mr. O'DWYER. Well, in New York you would have assistant postmaster in level 17. In San Francisco it would be level 15.

Mr. LEDBETTER. Great Falls, probably 11.

Mr. O'DWYER. They vary from area to area.

Mr. OLSEN. I see.

Mr. O'DWYER. The other point that I wanted to make to the chairman is we agree with your thoughts on the subject, but the danger I see here is no avenue of appeal. You say summarily these people will be dismissed from the service. Under the civil service regulations there is an area of appeal. If there is an area of appeal this is a different question.

Mr. UDALL. My objection is very fundamental. If you appointed me postmaster of New York City, and demanded that I really do something to improve the mails, I couldn't do the job myself. My top team would be the people who would do it. Were you to move me in there and stick me with 8, 10, or 15, major assistants—people who have been there for 35 years, people who are opposed to my appointment, who think they know more than I do—and you'd say I couldn't retire some of them honorably and move up some people. If I can't even do this above level 13, my hands are tied. I have two cases in my district right now.

Mr. OLSEN. Mr. Chairman, you see your hands would be tied if you were appointed Postmaster General.

Mr. UDALL. That is right. You wouldn't think of doing this in private industry. If I were to take over Ford Motor Co. or any large corporation and you said to me that there are 10 or 12 people who have to carry out my program, but because they have been there for 30 years, I can't touch them. They can leave me, they can walk out and retire, but I can't touch a one of them. I think you would have the same kind of inefficiency in these business organizations that you have in some of the large post offices.

Mr. LEDBETTER. Mr. Chairman, it hasn't been too many years since postmasters were just wiped out when administrations changed and I don't think there was any attempt to keep the good ones or get

rid of the bad ones. There is a provision in the law now that will permit the Post Office Department or any agency to retire an employee if his job is discontinued. We have seen this provision used to get rid of people they didn't want, not because of any lack of efficiency but simply to give somebody else the job. We are in business to protect our members.

Mr. OLSEN. We are talking about moving somebody up. We are not talking about the——

Mr. LEDBETTER. Mr. Olsen, it would be the same thing.

Mr. UDALL. You should be able to do this in top management. In a complex difficulty with a new program and new enthusiasm to bear, I don't think you should tie management's hands by saying here are your major assistants and you can't touch a one of them.

Mr. OLSEN. I find that there is a great fear on the part of people in the administrative agencies that the politics of the Congress will move in. But, then, they can't deny that they have politics inside the administrative agencies.

Mr. JASPAN. We are worried about that, too.

Mr. OLSEN. You can't do anything about it. What can you do about it?

Mr. JASPAN. It is just as bad. This means that this would give them more leeway if they could get rid of these people they don't agree with. If they have a fair-haired boy they want to move up to GS-13, they could get rid of the GS-13 who is age 55 and has 30 years' service, and move up this boy who is in a lower grade.

Mr. OLSEN. Bring this back to Congress and let us nominate them then, then we would be right out in the open.

Mr. UDALL. You ought to be able to move your friends in certain positions. If I were made President of the United States, which is something which will never happen——

Mr. OLSEN. I am sorry to hear you say that. Really, I aspired for better things for you.

Mr. UDALL. Thank you.

An administration of the other party had just completed office, and you said to me here is your Cabinet, President Udall, congratulations and good luck, you can't touch a one of them. You would never hear of it. This is a ridiculous, hypothetical situation, but the principles are the same. You have to go down to some point where you say there ought to be a little flexibility. And I think this GS-13 proposal is certainly above that level of a reasonable leeway for administration.

Mr. TURRISI. Mr. Chairman, you made a point about being postmaster of New York and had this high-level staff that are incompetent. Suppose this same group of people were less than 55 years of age, what would you do then?

Mr. UDALL. Well, that is hard luck on my part. In private industry they would never hear of this. If they gave you a job as big as the New York postmaster they would allow you to pick your staff. I am willing to pay that price and say people under 55, you are stuck with them, but I don't think you ought to be stuck with all of them. I think you ought to have a little leeway.

Mr. TURRISI. Isn't it possible that the person with 30 years of service might be considered not so good?



Mr. UDALL. Not at all. I know two assistant postmasters. One of them hasn't done a day's work in the last 35 years. He depresses the morale and prevents the work from getting out.

I know another one who is a couple years older than he is, yet, there isn't a postmaster who would let him go on a bet. He can work with anybody and get along with anybody under any conditions.

Top management should be able to say to the former, "Go get another career where you may do very well."

Mr. OLSEN. In our capital city we have a man who was the assistant postmaster and a Republican and we moved him into the postmaster-ship because he was so outstanding. It was one of the best things we had ever done because of the way he runs it—we have the headquarters of the Mountain State Tel. & Tel. and a bulk of mail along with some insurance companies. We needed somebody that really could run that post office, and he has stayed on.

We hope now out of his leadership we have got somebody else that we can move into postmaster. He is going to retire next year. This we knew of 2 years ago, but he was assistant postmaster and dynamic and a leader.

I say this, Mo, that a lot of people don't like him, but he sure runs the post office and we are very proud of him. I hope——

Mr. JASPAN. He is a member of our association.

Mr. OLSEN. Yes; he is a member of your association.

Mr. UDALL. That is probably why he is so good.

Mr. OLSEN. As a matter of fact the leaders of your organization are all good. Those that have visited me in my area, they are leaders and they want to make the postal service what we want to make it. But I think that we ought to do something about such a provision.

Maybe there are kinds of reviews. But I don't think the leadership of the Post Office ought to be hamstrung at this point now. Fifty-five years of age and 30 years of service, that is pretty tight.

Mr. UDALL. And GS-13.

Mr. OLSEN. Right.

Mr. O'DWYER. If you confined it to GS-13 and not PFS we might go along with you.

Mr. OLSEN. You know that the law of the land is still that a Governor of a State or the President of the United States can fire anybody. We have encroached on this a long, long way in establishing civil service and merit systems. I am not finding fault with civil service and merit systems. I think that they have been on the whole a wonderful contribution and we have eliminated some terrific evils.

Mr. UDALL. But you need a little give in the system.

Mr. OLSEN. There has to be some leeway for leadership and there has to be some leeway for the employee to gain recognition and to get a position of leadership.

Mr. TURRISI. We don't condone inefficiency, don't misunderstand our argument.

Mr. OLSEN. I'm sure you don't. You were pointing up the evils that might occur, and I don't think that they are as great as you think. That is our only difference, I think. I don't think the evils of the leeway we are looking for would be as great as you fear.

Mr. UDALL. I would hate to come in as a Congressman and be told, "Here is your staff. You can't touch them. They have to be loyal

to you and carry out your program, but under no terms or conditions can you touch one of them until he reaches 65."

Mr. JASPAN. Of course we are in favor of that above PFS-20.

Mr. LEDBETTER. If I may raise a point along that same line. I think we have been talking about high level supervisors in the local post offices. But we are thinking in terms of all supervisors. If the superintendent and his assistant in a station in a big, growing metropolitan area—and these are young 40-year-old, vigorous supervisors—have 40 clerks and carriers who are between 55 and 65 years of age, and yet are in the class you can't get rid of, there is no leeway there. Either they perform or you prefer charges.

We as supervisors are willing to stand up and face charges. We feel that the administration wants to be able to get rid of supervisors by doing away with the appeal procedures. If it is optional there would be no appeal.

Mr. UDALL. There shouldn't be, in my judgment. We have a fundamental difference on this. We ought to be able to say to the man, "You are qualified but you are not as qualified to carry out this job of important duties. I am not blackening your record or damaging your character. I am just saying it is time for you to retire."

Mr. O'DWYER. It won't ease his pain. If he was forced out it would be common knowledge.

One other point I want to make here. I mentioned 9 percent of all the postal employees. These are the people you are talking about. I mentioned, too, that they are approximately 55 years of age when they become supervisors. So what you are talking about is the latitude to remove all those people in almost all the top post offices in the country because almost all of them are 55.

Mr. UDALL. You are assuming that somebody is going to come in and wipe them out?

Mr. O'DWYER. This is what we are afraid of.

Mr. UDALL. That some maniac is going to want to get rid of all the expertise in his office? The fact that it does happen in a few cases would have a very wholesome effect on the morale and operation of the whole system.

Mr. O'DWYER. I don't like to admit my age, but I'm past this age we are talking about.

Mr. OLSEN. You don't look it.

Mr. O'DWYER. I hold a position as chief accountant with the San Francisco Post Office, PFS-14. I have the opportunity to go back to that position should I not be elected next national convention.

Mr. UDALL. Under some electoral misfortune.

Mr. O'DWYER. Since I have left, there has been a new postmaster. I may add, too, that there are a number of people in the San Francisco Post Office who are filling in my stead from a 14 to a 6 who perhaps won't be too happy to see Mr. O'Dwyer come back to the San Francisco Post Office because they will have to step down.

It may very well be that the new postmaster might very well say, "This gentleman is beyond the age. We don't want him to come back."

These are some of the dangers that are inherent in this, and I say if this is to be considered, that there should be an appeal process.

Mr. UDALL. Well, let me comment on that. You referred to this several times. In the first place, I would say they would be



crazy if they didn't take you back. But assuming the politics and personalities are such that they didn't, I don't view this language—and maybe we had better tighten it up—as meaning that anyone who is the immediate supervisor of a PFS-13 or above on his own without any review can involuntarily retire the person of 55 with 30 years. I would assume the procedure would be that the San Francisco postmaster would submit your name, assuming that what you fear occurs, to the region, among the list of his people who are over 55, 30 years, who ought to be retired. The list would go through channels to Washington. Final authority would only come from the personnel people here, and a good organization like yours would have an opportunity to be heard, if this is being done on a personal basis.

So that this is an appeal of sorts. I wouldn't want any appeal right; and hearings or anything else of this written into it, but I should think that in practice this wouldn't be the whim or the personal grudge of one man in operation. The Post Office Department would not delegate this out to every guy who happens to have a PFS-13 on his staff, that it would go up through channels and be subjected to some review.

Mr. O'DWYER. Our experience is that this would never occur. It would never occur. We have had too many experiences even in promotional appeals. Actually there is no such thing as promotional appeal.

Mr. UDALL. While you are drawing language, get me some language that would require any action under this procedure to be taken only in Washington and not in the regional offices.

Mr. OLSEN. Let's talk about it. I think this is good.

Mr. MATSUNAGA. Upon the recommendation of the postmaster approved by the regional office and finally approved in Washington.

Mr. OLSEN. It would have to be affirmatively reviewed by the regional office and so on. Well, let's talk about it now, because you have got our thinking. Is that fair enough?

Mr. JASPAN. Let me tell you, Mr. Olsen. One of the reasons we are so much afraid of this, we have had all kinds of experiences in the post office even back in the days when the employee had to be graded every 6 months.

One employee would have three supervisors over him, and each one of his three supervisors would rate him a different way. They had five different items to rate them on. I saw one of the neatest men I ever saw working in the post office rated 80, and he asked his boss if he needed to be there dressed in a tuxedo.

Mr. UDALL. The Chair doesn't want to foreclose discussion here today, and I wanted to say to my friends that frequently we have been unable to give you a choice location of witnesses, and I was a little alarmed about having to put you off this afternoon, but I think with three of our best members here today——

Mr. OLSEN. Thank you.

Mr. UDALL. We have been able to explore leisurely and at some length a lot more of the problems than we would have if we had tried to rush you through this morning.

Mr. O'DWYER. We appreciate it.

Mr. MATSUNAGA. One point of clarification here. In your example of the average postal worker, you said he comes in at 30 and he works

30 years; he would be 60, not 55, so he wouldn't be subject to this optional action on the part of the Government until he reached 60.

Mr. LEDBETTER. I believe the statement said 25 years.

Mr. OLSEN. No; we are talking about 30 years and 55 years of age.

Mr. LEDBETTER. Mr. O'Dwyer was talking about 30 years entrance into the service and 25 years later he becomes a supervisor.

Mr. MATSUNAGA. But then he wouldn't be subject to this dismissal action until he reaches 60, because he would not have had 30 years until he becomes 60.

Mr. LEDBETTER. But he would have only been a supervisor 5 years.

Mr. OLSEN. Of course that is what we want him to be in his prime. Now that is getting back to the Udall position and my position incidentally is this: I think that we must look to the supervisors for the best kind of leadership, not the best politics, not at all; the best kind of leadership is what we are talking about.

Mr. UDALL. If we had a little more movement you would move your people up faster through the ranks. They would be supervisors in the prime of life in the forties and fifties.

Mr. OLSEN. That is another subject. I am going to open that right this minute. Take Great Falls, Mont., again. They have a fine Air Force base there. These people come out retired from the military service and they go to work for the Post Office Department. Now they are in their forties. They start carrying the mail and the supervisor says that this fellow can't carry that big a mail route, so they tailor the mail route for this veteran. Then, someone who is a senior veteran and postal carrier, he looks at that route and he bids it so he gets a route that he can take with ease. He is probably a younger man.

So in this situation we are talking about now we have got to be talking about veterans' preference, too. Incidentally, veterans' preference moves in on temporary employees and substitutes who have been loyal to the Post Office. The veteran comes in and moves in ahead of the temporaries. I mean the war veteran.

Mr. UDALL. I hold a lot of minority opinions around here many times, but one of the opinions I have is that we have overdone this veterans' preference business.

Mr. OLSEN. I think that we have. We have made it too big a bracket, without any qualifications whatsoever. I think this enters into this situation we are talking about. The men who move up, out of the postal service, the supervisory service, ought to move into supervisory service at a younger age, as a matter of fact. We should have some protection for these people. I want to do away with the word "temporary" or "substitute." I would like young people to move into the Post Office and have a period during which they pass the test. After a number of hours in a year, then they are permanent employees.

Never mind this old nonsense about temporary or substitute. After they have passed a test period, then they are permanent. Then veterans' preference wouldn't move in ahead of them. They would be established employees in the Department.

I would like you fellows to think that over and help us out with it.

Mr. UDALL. Mr. Matsunaga, did you have something further?



Mr. MATSUNAGA. Do we have any more witnesses?

Mr. UDALL. No; we are about to conclude. We are just having a little friendly philosophy. I was going to call on Mr. Buchanan in a moment. I wanted to make a friendly philosophy to change the subject. We were trying to determine what the other organization leaders mean in attacking the comparability and saying that it was a dead letter. No one has appeared here and said that comparability is a bad idea. They have said that it is a good idea. But our machinery and our ability to carry out comparability has failed.

If we could have true comparability in all grades, I don't think there is any employee leader who would not give it a cheer.

This brings me back to the point I made last year. No one seemed to like Mr. Macy's idea of semiautomatic raises, but the more I see around here, the more I am for developing a plan where we have one last pay fight. We get the law passed, and every year, regardless of the budget, regardless of war or peace, regardless of the particular problems that crowd the congressional agenda, we give each grade full comparability.

There are a lot of bugs in the machinery. There are many ways in which the particular proposal is inadequate. But I would like to see some machinery developed so that we have full comparability.

If we had retained the House proposal, that second stage, last year, we wouldn't have this problem. We would be pretty close to comparability.

Mr. OLSEN. I subscribe to what you say. But the fact of the matter is the Bureau of the Budget is determining what Macy comes up here and recommends, and this is the fallacy comparability. The Bureau of the Budget is dictating it instead of the law of the land.

I resent very much the fact that not only does Macy pretend to come up here and give us a phony comparability, but on top of that, he comes up here and wants to amend the rules of our committee and take compensation, retirement, health, and insurance and put them all in one package and turn us into something that is not lawful—guidelines. Guidelines is not the law of the land.

Mr. UDALL. The gentleman shouldn't blame Mr. Macy for the packaging entirely.

Mr. OLSEN. I blame him because he is the only one who has been here so far. When someone else gets up here I will blame them.

Mr. UDALL. I hope the gentleman will have the opportunity to do so.

Mr. OLSEN. I will be here.

Mr. UDALL. But the fact remains as long as we insist that Congress do this job every year we are at the mercy of particular Presidents, particular Budget Bureau Directors, particular events, particular budgetary requests, the atmosphere in the Congress, and the country.

We ought not to be at the mercy of those sorts of things. We ought to have full comparability in every grade every year, without going through all this.

Mr. Buchanan?

Mr. BUCHANAN. Gentlemen, I have arrived about in time to bid you all good day. But I will read your statements, and I associate myself with the remarks just made by Mr. Udall.

I voted for this thing last year and thought it was a good thing and still wish it had passed.

Mr. JASPAN. Mr. Chairman, there is a little technicality here in looking over the retirement committee proposals. They say a man of 55 years of age and 30 could retire, or a man 60 years of age with 20 years of service. But a man that is 59 years old and has 29 years' service cannot retire according to that.

I think the committee should look into the fact that this man can't qualify under either. He has more than 20 years of service, but he is not 60, and he can't qualify under the other with 30 years' service and age 55.

Mr. MATSUNAGA. Is that in the proposed bill?

Mr. UDALL. It is necessary to adopt some arbitrary cutoff if you are going to adopt this principle. You have to have cutoffs both as to age and service. When you get on the borderline you get into some inconsistent positions, but it is a matter of degree, I suppose.

Mr. O'DWYER. Mr. Chairman, I was anticipating that you were going to ask that question of me that you did of some of the other organizations, and I had prepared a statement on that and I feel that this would be the proper time to place it in the record.

Mr. UDALL. I welcome it, and I have no idea what you are going to say.

Mr. O'DWYER. The question of patriotism has been raised as relates to the proposals presented by the administration. I want to say that the patriotism of our association is beyond question.

Mr. UDALL. No doubt about it.

Mr. DWYER. Many of our members are veterans of World War II, Korean conflict, and some of them are even involved in the Vietnam situation. Vivid in their minds is the vacuum in salary increases during the period 1925 to 1945 and the sacrifice that many made in World War II, the Korean conflict, and now in Vietnam. They are conscious of the delicate situation in Vietnam and we all pray for an early peace. Yet authoritative sources have said this conflict could go on for 10 or 20 years. We agree with Congressman Olsen that the possibility next year of a salary adjustment is remote, and we raise the question as to whether we are to again wait for 10 to 20 years for comparability.

We agree, too, with Congressman Krebs that if the inflationary situation is as bad as claimed that controls on all facets should be exercised. They should not be confined to the Federal employees who are far behind private industry as a result of continual increases granted to them over the years, and the failure of the Government to fulfill their obligation as provided in the law establishing the comparability principle.

If the administration proposals provided for comparability in the middle and upper levels as it is purported to do in the lower levels, it would be easy for me to accept the administration proposal. But in all good conscience I cannot agree with the administration proposals unless a provision is included for comparability in levels 6 and above or at least one-half comparability in this session of Congress.

Mr. UDALL. Thank you, Mr. O'Dwyer. Thank you very much for a most helpful presentation.

(The full text of Mr. O'Dwyer's statement follows:)



## PREPARED STATEMENT OF FRED J. O'DWYER

Mr. Chairman and members of the Subcommittees on Compensation, and on Retirement, Insurance, and Health Benefits.

My name is Fred J. O'Dwyer. I am president of the National Association of Postal Supervisors, composed of more than 28,500 postal supervisors. Our members are employed in post offices, post office vehicle installations, and railway and highway post offices located in all of the 50 States and in Guam, Puerto Rico, and the Virgin Islands. I am accompanied by our national secretary, Donald N. Ledbetter and our legislative representative, Daniel Jaspán.

We are grateful to President Johnson and the administration for their interest in the principle of comparability as established by Public Law 87-793 enacted in 1962, and to the chairman and members of this subcommittee for scheduling early hearings this year on this subject. We also appreciate the interest in salary legislation of Congressmen Krebs, Olsen, Daniels, and Cunningham, who have introduced bills providing 7-percent salary increases in all levels. These bills also contain overtime provisions, which we will comment on later. All embrace comparability. It is limited, however, to the five lowest levels. A 7-percent increase is the minimum amount needed for current comparability in the lower levels but greater percentage increases are required in the middle and upper levels if the principle is to maintain.

The only salary bill introduced at this time which provides true comparability for all PFS salary levels is H.R. 12838, introduced by Congressman Hanley. This bill is based on the figures supplied by the Bureau of Labor Statistics. We endorse H.R. 12838 100 percent.

## WHAT IS COMPARABILITY?

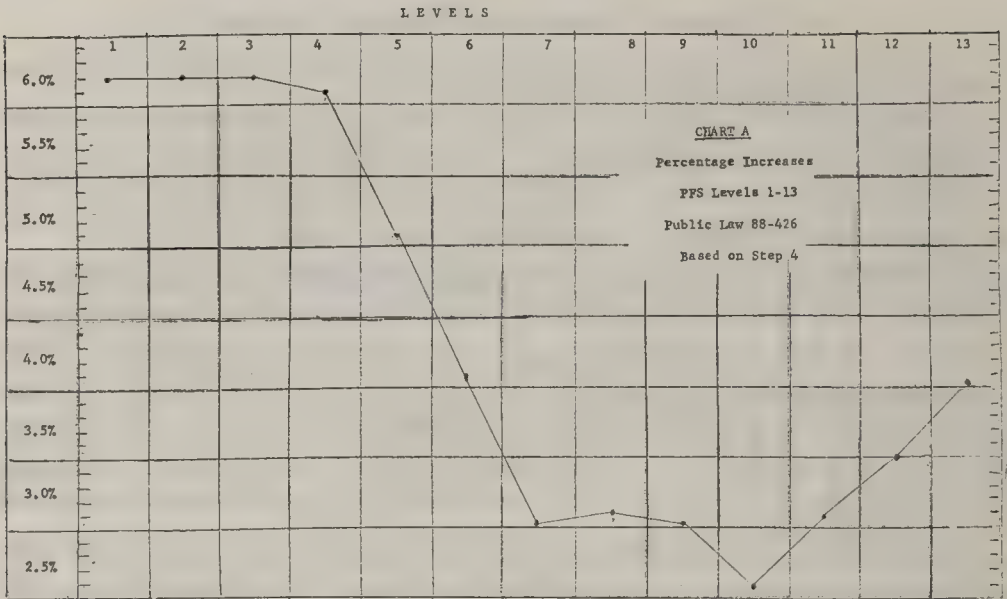
The Federal Salary Act of 1962 established the comparability principle. Briefly Public Law 87-793 provides that Federal salaries shall be comparable with private industry, based on annual surveys conducted by the Bureau of Labor Statistics. These surveys have shown that the middle and upper levels have been dropping further and further behind their counterparts in private industry. Moreover, testimony before this committee last year and this year clearly establishes this fact.

Public Law 87-793 contained a postal field service salary schedule based on comparability. Due to budgetary limitations, it trailed from 1 to 3 years, comparability figures available at that time. However, the principle which we had espoused for many years was established and blazed a new trail in salary bills. We assumed and hoped that this would be carried out fully in future bills.

## COMPARABILITY WEAKENED

Our expectations received a staggering blow when Public Law 88-426, the Federal Employees' Salary Act of 1964, was enacted. Although bills were introduced to carry out the principle of comparability in all levels, the one finally enacted was an emaciated version of the original proposals. This was caused by the much larger increases granted to the first five levels and not to postal supervisors and others in the remaining levels. Chart A shows at a glance how the principle of comparability was distorted by Public Law 88-426. It illustrates the percentage increases for the first 13 levels which comprise about 99 percent of the employees in the postal field service.

As can readily be seen in chart A, employees in the first four levels received salary increases of more than 6 percent. This is double the increase of 3.2 percent for level 7. The percentage decreased steadily in the higher levels, with level 10 receiving only a 2.67 percent increase. Dollarwise, the level 4 employees received \$320 while the first-line (level 7) supervisor received only \$205. No supervisor below level 12 received as much percentage or dollar increase as the level 4 employees. This is a graphic picture of the compression created in the middle levels and, gentlemen, that compression is still there.



It is difficult for anyone to maintain that comparability existed in this law. If anything, the reverse is true. The figures of the Bureau of Labor Statistics demonstrated that larger increases should have been applied to the middle and upper levels. Simple justice should have demanded no less than the same percentage increase for all levels.

We do not deny that the more than 6-percent increase for clerks-carriers and other employees was justified. However, there was ample evidence that greater increases were required for supervisory levels. We maintain that any equitable salary schedule based on the principle of comparability, must show a larger increase in the higher levels where the duties and responsibilities are greater. This not only carries out the intent of the law but is good personnel practice.

#### BLS FIGURES

This brings us to Public Law 89-301. The figures of the Bureau of Labor Statistics, based on 1964 comparability, showed that Federal employees needed from 3.5 percent in the lower grades to 11.1 percent in the upper grades to achieve comparability as of March 1964. The across-the-board 3.6 percent salary increase granted in Public Law 89-301 did not close the gap. The lag continues but has fallen further behind since salaries in industry had risen approximately 3 percent between the 1964 and 1965 report.

#### 1966 SALARY PROPOSALS

As mentioned above, the salary proposals in most of the bills introduced this year are based on a straight 7-percent across-the-board increase. The 7-percent figure can certainly be justified in the lower levels, based on studies made by the Government agencies. However, to achieve full comparability, more than 7 percent is needed in the middle and upper levels. H.R. 12838 meets this test. It contains a 7-percent increase for the first five levels and a gradually increasing percentage in levels 6 through 20. It will bring about current comparability for all levels in the postal field service. We are certain the members of this committee endorse the principle of comparability. Only by the enactment of a salary bill with this salary schedule can it be achieved.

The members of this committee are familiar with the history of salary adjustments throughout the years. We know you realize that we in the postal field service have never achieved current comparability, nor have we ever come really close. It has been our misfortune to have fallen far behind current comparability throughout the years. The achievement of this goal has always been thwarted by budgetary or other considerations. The only way to end this inequity is by passing a salary bill with the salary schedule of H.R. 12838.



## ADMINISTRATION TESTIMONY

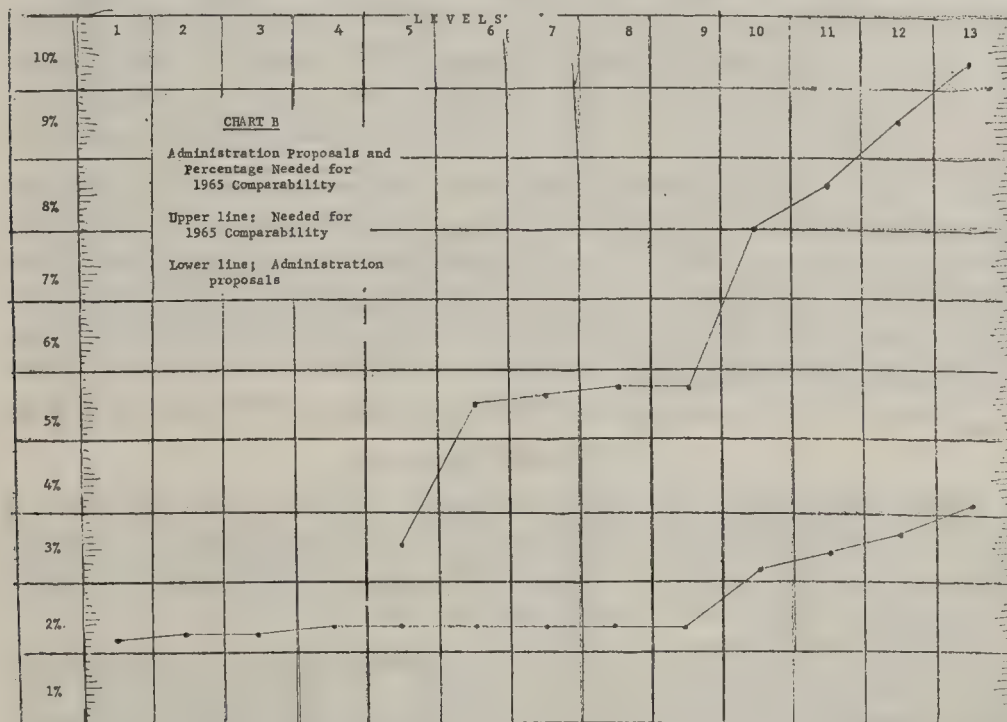
In 1962, as well as in 1964, 1965, and 1966, the Chairman of the Civil Service Commission, the Director, Bureau of the Budget, and Post Office Department officials have admitted the gap has been widening in the middle and upper levels. H.R. 10281, which passed the House with an overwhelming majority last year, would have closed part of the gap if the provision for the second phase had been retained by the Senate. That would have brought us nearer to comparability than we have ever come. However, as we all know too well, this feature was lost when the Senate acted.

The recommendations of the administration to this committee on salary will not adjust the lag in the middle levels. Employees in the middle and upper levels are far behind their counterparts in private industry. We appreciate that budgetary consideration is a factor. But this is the history of every piece of salary legislation. If we are ever to catch up, the percentage increase must be greater than that proposed by the administration for the middle and upper levels.

The testimony of Mr. Macy and Mr. Murphy demonstrated the need for larger increase in the middle and upper levels. They stated that the administration proposals would go at least one-third on the road to comparability. However, while bringing the first four PFS levels to 1965 comparability, there is no provision for an adjustment in PFS levels 6 through 9. On the same ratio as the lower and upper levels, a minimum increase of 3.2 to 3.4 percent is needed and approximately 5 percent in level 10.

Chart B graphically discloses the imbalance in the administration proposals. The lower line is the administration proposal. You will note there is no adjustment for comparability until level 10. Levels 6 through 9 are the bulk of the middle level employees. The upper line clearly establishes the inequity of the administration proposals.

We earnestly request this committee to increase the percentages to a more realistic figure.



We are convinced that now is the time to bring salary levels comparable with private industry. This should be the year to embrace the slogan "Operation Catchup." We reiterate, therefore, our recommendation to this committee of the enactment of the Hanley bill, H.R. 12838. If a compromise is necessary, we strongly recommend a provision to close at least half the comparability gap in any salary bill enacted this year, with provisions for a complete catchup in 1967.

## OVERTIME

Employees in the postal field service have also fallen behind comparability with industry in the overtime provisions. H.R. 12240, H.R. 12288, and H.R. 12924, introduced by Congressmen Olsen, Daniels, and Cunningham, respectively, contain overtime provisions but they limit such payments to the first seven levels. H.R. 12094, introduced by Congressman Krebs, and H.R. 12838, introduced by Congressman Hanley, provide time and a half for overtime payments for all employees who work more than 8 hours in 1 day, or on Saturdays. This committee approved, and the House passed, H.R. 10281 last year. This bill provided for the mandatory payment of overtime through level 10. The Postmaster General was granted the option of paying overtime above level 10. This is another provision that was eliminated by the Senate. Public Law 89-301 limited the payment of overtime to PFS-7 and below, with payment to levels 8 through 14 at the option of the Postmaster General.

The Christmas season, as you know, is the heaviest mailing period of the year. Under the optional provision, the Post Office Department was reasonably liberal in authorizing payment of overtime to employees in PFS 8-14 during this time. However, in certain areas limits were placed on the number of hours of overtime for employees in these levels but not in the lower levels. We have reports that some offices required lower level employees to work overtime on designated week-ends, but did not permit PFS 8-14's to work. What is more disturbing, however, is that under this optional authority employees in PFS 8-14 are, in many instances, detailed to a 6-day week.

Section 5(a) of Public Law 89-301 states "a basic workweek is established for all postal field service employees consisting of five eight-hour days." The intent of Public Law 89-301, I am sure you gentlemen will agree, was that every regular postal employee would be assigned to a 5-day week. The law requires that regular employees in PFS-7 and below must be paid overtime for all hours in excess of eight each day and for work on the sixth and seventh day. Public Law 89-116 provides for a 5-day week for postmasters. So what happens? In many cases, the employee in PFS-8 and above is scheduled to a workweek of Monday through Friday and from 4 to 6 hours on Saturday. As the law permits payment of overtime or compensatory time in these levels, he is granted a compensatory day off in the following week or within the next 30 days. In effect, the supervisor in PFS-8 and above is no more than a substitute. Gentlemen, we submit that this is a definite violation of Public Law 89-301, which establishes a basic workweek of 5 eight-hour days.

Mr. Murphy, in his statement, pointed out that supervisors in industry are not always granted overtime payments. We do not deny this. However, supervisors in industry are given other benefits and privileges that we do not receive in the postal service such as bonuses, stock options, paid membership in clubs, profit sharing, and many other benefits. Aside from this, employees under the Classification Act in grades 1 through 9 are paid overtime, and above these grades at the rate of GS-9. There is, therefore, a precedent in the governmental service and we feel equity to our proposals for the payment of overtime in all levels of the PFS schedule.

We again strongly recommend the overtime provisions of H.R. 12094 and H.R. 12838.

## JUNIOR-SENIOR INEQUITIES

Another part of H.R. 10281 which was approved by the House last year and eliminated on the Senate side, would have been a partial solution to the inequity whereby senior employees are placed in steps below the step of the junior employee promoted at a later date. The section approved last year in H.R. 10281 applied only to senior employees promoted to a higher level between July 9, 1960, and October 13, 1962.

Section 5 of H.R. 12838, introduced by Congressman Hanley, will eliminate all inequities as no date restrictions are imposed. The Hanley bill provides that the senior employee who is in a step below that of a junior employee in his own office in the same level be advanced to the same step. The enactment of this provision would be a tremendous boost to the morale of our members who receive less money than other supervisors who entered the service and became super-



visors at a later date. The following gives some examples of supervisors with more seniority who are in lower steps than junior employees:

Employee	Entered service	Promoted to present position	Now in level—	Annual salary	Salary differential
W. B. _____	Aug. 8, 1931	Feb. 1, 1965	10-3	\$8,660	\$825
W. K. _____	Aug. 1, 1941	June 19, 1965	10-6	9,486	
R. N. H. _____	May 5, 1937	Apr. 1, 1963	6-9	7,517	197
C. E. A. _____	Dec. 14, 1942	Mar. 1, 1965	6-10	7,714	
W. R. J. _____	Oct. 7, 1937	July 31, 1965	7-7	7,633	212
A. P. H. _____	Apr. 17, 1940	Jan. 31, 1966	7-8	7,845	
W. L. M. _____	Nov. 12, 1945	Apr. 28, 1962	7-7	7,633	212
D. J. N. _____	Sept. 25, 1948	Nov. 6, 1965	7-8	7,845	
D. J. P. _____	Jan. 27, 1943	Apr. 14, 1962	7-7	7,633	636
P. F. K. _____	Sept. 27, 1943	Oct. 9, 1965	7-10	8,269	

We strongly urge the enactment of section 5 of H.R. 12838 to correct these glaring inequities.

#### STEP INCREASES

Although the salaries at the top steps of the levels may look attractive, a very large number of supervisors will never reach that step. Under the present salary schedule, progression from step 7 to the top step is at 3-year intervals.

Supervisors are promoted from the rank and file employees. According to figures furnished by the Post Office Department, the average entry age of clerks and carriers is above age 30. Many of them do not become supervisors in less than 25 years. This brings the average age to at least 55, which is the optional retirement age. If they are promoted to level 7 they are placed in step 6 and it then takes 13 additional years to reach the top step if they remain in level 7. At this point, the employee would be very close to the mandatory retirement age. He could not possibly serve 5 years in the top step of his salary grade and establish the necessary "high 5" average for retirement purposes. When an employee is promoted to level 7 he automatically drops back to a lower step. Many will never reach the top step of a new level because of the age factor. If he is promoted above level 7, he again drops back a step or more each time he is promoted which makes it even more difficult to reach the top step.

This situation is common only to the postal field service, where practically all of the employees enter in the lower levels. In other agencies, many employees enter the service in a supervisory or management grade because there are many more positions in those grades than in the postal service. Only 9 percent of all postal employees are in level 7 or higher, while 42 percent of the employees under the Classification Act are in grade 7 or higher. A person who enters the classified service in the middle and upper grades would normally have little difficulty in reaching the top step of his grade. In the postal service, it is almost impossible. We urge this committee to study our recommendation that all steps in the postal field service schedule be at 1-year intervals.

#### FRINGE BENEFITS

When Chairman Macy of the Civil Service Commission, and Mr. Roger Jones of the Bureau of the Budget, testified on another bill earlier this year, they indicated that fringe benefits should not be considered piecemeal but would be part of the overall recommendations. They also indicated that fringe benefits were more liberal in the Federal service than in industry. Last year Mr. Ewan Clague who was Commissioner of Labor Statistics, appeared before this committee. He stated at that time that total expenditures for fringe benefits were approximately the same for white collar employees in private industry and the classified employees in Government. All other expenditures were higher for employees of private industries, including retirement, unemployment, and health benefit programs. He stated that private industry employees receive some additions to payroll not available to Federal employees; for example, savings and thrift plans, yearend and other special bonuses.

According to Mr. Clague, one-fourth of the companies reporting such data paid all of the costs of health, accident, and life insurance plans. Three-fourths of those with contributory plans paid more than half the cost. The Federal contribution is much less than half.

A very important part of Mr. Clague's statement was that the Federal employee makes a larger contribution relative to basic salary to his health and retire-

ment programs than the private employee—about 8.5 percent to about 6 percent. This shows that the Government lags far behind in comparability in fringe benefits, except for paid leave.

Without a bill on the fringe benefit proposals of the administration, it is not possible to state a position on each aspect. We do feel, however, that the life insurance proposals of Congressmen Daniels and Matsunaga are equitable and should be enacted into law in this session.

As to the other aspects, we have read the President's message to Congress and can see nothing therein that warrants a 0.5-percent increase in our contributions to the retirement fund. Mr. Murphy stated that employee representatives who appeared before the Cabinet-level Committee agreed to an increase in the contributions. We certainly did not agree to any increase at that time, nor do we now agree. We are certain that those who were not opposed to such an increase expected a greater liberalization of benefits. We did support granting of social security benefits to those employees who did not work enough years in civil service positions to establish eligibility for retirement benefits.

We are unalterably opposed to the agencies having the option of forcing employees with 30 years' service to retire. Even though this option is restricted to employees in GS-13 and above, which is equivalent to PFS-14 or 15, we cannot support it. In the first place, it is difficult for any agency official to make an objective judgment of the value of an employee who has reached the 30-year, 55-age stage. There is a strong possibility, and even a probability, that these employees could suddenly find themselves expendable due to changes in the administration or even in the staffing of offices. Mr. Murphy said that it is better to release the employee in this manner rather than begin an adverse action procedure. This is merely a matter of semantics. Adverse action would still be taken, but the employee would have no appeal rights or other protection. This would be the beginning of the end of the merit system and would undermine the whole civil service system. We strongly urge this committee to delete this proposal.

#### HEALTH BENEFITS

We were very disappointed with the health benefits proposal. Despite the fact that more and more industries are assuming the total cost of health benefits insurance, the administration merely proposes to increase its contributions by \$1.06 per month until 1968. By that time, insurance costs will probably be increased and practically all of private industry will be paying 100 percent. Is this the much-discussed comparability? The percentage of the Government contributions has steadily declined from about 38 percent while industry has been increasing its share. The proposals do not even suggest a percentage figure, but a dollar figure which will leave the employees even further behind as the cost of hospitalization and medical expenses continue their upward trend. There is no good reason why the Government should not assume at least 50 percent of the cost.

#### EFFECTIVE DATE

The proposed effective date of January 1, 1967, would again widen the gap between salaries in industry and Federal salaries. The trend in industry is steadily upward. Despite the suggested guidelines, it is common knowledge that few, if any, union contracts provide less than a 4-percent increase. We are asked not only to accept less practically a year from now but we are asked to accept a salary schedule that is below comparable salaries according to figures already more than a year old. To keep the situation from becoming worse, the effective date should be January 1, 1966.

#### CONCLUSION

Although the administration has stressed budgetary considerations and the Vietnam situation as grounds for not proposing real comparability at this time, it is our firm opinion that we should not be penalized merely because we are employed by the U.S. Government. We are as patriotic as any other Americans, but we object to being discriminated against by the postponement of comparability in salaries and fringe benefits while those employed in industry have constantly had increases in both—and the trend is continuing. The administration witnesses have pointed to industry as precedent. However, they have not pointed out that salary increases and fringe benefits in industry have been much greater



over the years. We do not believe that this is the proper time to tie in salaries and fringe benefits as proposed. When we reach comparability in salaries and fringe benefits, we will be willing to accept package deals.

We strongly urge this committee to:

1. Report out a bill that will have a salary schedule based on current comparability, such as H.R. 12838, introduced by Congressman Hanley.
2. Extend overtime payments to all salary levels instead of confining them to the lowest seven levels.
3. Include a section to eliminate the growing number of inequities whereby the senior employee receives less money than the junior employee in the same level.
4. Have all step increases at 1-year intervals.
5. Eliminate any reference to increased employee contributions to the retirement fund unless additional meaningful benefits are included.
6. Liberalize the Life Insurance Act.
7. Eliminate any provisions to grant the agencies the option of retiring an employee who has reached the optional retirement age.
8. Increase Government contributions to at least 50 percent of the health insurance premiums.
9. Report a bill with an effective date no later than the enactment date.

We appreciate the opportunity of presenting our views and hope that the combined subcommittees will act favorably and promptly on our recommendations so that we will not again be thwarted in our continued quest for comparability.

Mr. UDALL. The subcommittee will stand adjourned until 10 o'clock Monday morning when we will meet in the main committee room, 346, in this building.

(Whereupon at 3 p.m., the subcommittee was recessed, to reconvene at 10 a.m., Monday, March 14, 1966.)





## FEDERAL SALARIES AND FRINGE BENEFITS

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MONDAY, MARCH 14, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10 a.m., in room 346, Cannon Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order for the further consideration of Federal salaries and fringe benefits.

The Chair would announce before we begin that further sessions of the subcommittee will be held tomorrow, on Wednesday, and on Friday. However, the remaining sessions will be in room 215 in this building.

The Chair has scheduled four witnesses this morning, so we have a busy 2 hours ahead of us. We will appreciate the cooperation of the witnesses in summarizing, wherever possible, and in fairness to all concerned, to enable everyone to have a reasonable amount of time.

Our first witness today is Mr. John F. Griner, president, American Federation of Government Employees, accompanied by Mr. Thomas G. Walters, special assistant to the president for legislation, and Dr. Voss, research director.

Gentlemen, we are once again happy to have you before our subcommittee. You may proceed.

Mr. ELLSWORTH. Mr. Chairman?

Mr. UDALL. The gentleman from Kansas?

Mr. ELLSWORTH. Mr. Chairman, I am going to have to excuse myself before Mr. Griner and his staff have completed their statement, because I have a bill pending in the Interior and Insular Affairs Committee, relating to some Indian land in my State which I have to go over and testify on. I want Mr. Griner and also Mr. Wolkomir and Mr. Stoffer and Mr. McCart to know I intend to study their statements carefully and thoroughly and want them to know—particularly Mr. Griner and his fine staff—that I know from past experience that you will make a real contribution to our consideration of this compensation measure we are considering. I want you to know when I do leave it is not because of any lack of interest. It is because of a critical matter of importance to me and my home State on a bill I have pending myself before the Interior and Insular Affairs Committee.

Mr. GRINER. We understand, Mr. Congressman.

Mr. UDALL. We understand the gentleman's problem. Mr. Daniels indicated, also, he has another committee meeting in which an important vote is to be taken, and it is for that reason he left. I have

a bill of my own before the Indian Affairs Subcommittee, which I hope won't come up until tomorrow.

You may proceed, Mr. Griner.

**STATEMENT OF JOHN F. GRINER, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES; ACCOMPANIED BY THOMAS G. WALTERS, SPECIAL ASSISTANT TO THE PRESIDENT FOR LEGISLATION**

Mr. GRINER. Thank you, Mr. Chairman, and members of the committee. I am speaking for the largest single group of classified employees. I am pleased to come before this committee today to urge speedy enactment of legislation that would give those employees an increase of their salaries and make substantial progress toward comparability with the salaries paid by employers in private industry.

The American Federation of Government Employees of which I am national president has a membership at present of nearly 200,000 the majority of whom are occupying positions subject to the Classification Act. We represent employees in all grades of the Classification Act.

Through the provisions of Executive Order 10988, more than 350 of our lodges have qualified for exclusive recognition, which means that the AFGE is representing between 290,000 and 300,000 Federal employees. They are working not only throughout the United States but in Okinawa, Guam, the Panama Canal Zone, Iceland, Germany, the Azores, and other places far removed from Washington.

The legislative proposals which are receiving the attention of this committee, I am happy to note, relate not only to basic compensation of classified and postal employees, but to improvement of the civil service retirement system and the health benefits system both of which provide equal advantages to wage board and classified employees. I will not dwell on any legislation which relates to other than pay because it is my understanding that separate hearings will be scheduled on other matters by other subcommittees of the Post Office and Civil Service Committee.

Mr. Chairman, I now find this morning that I am probably incorrect in that last statement.

Mr. UDALL. Let the Chair interrupt at this point to make the record very clear, Mr. Griner. We originally called these hearings to deal with pending pay proposals, some of which dealt with overtime, fringe benefits, and other matters.

Subsequent to the calling of the hearings, the administration developed, with your help and others, this pay package that is presented to us. As a result of this, the hearings were expanded to invite all of the members of the committee on retirement and insurance as full participants in these hearings, and we have yet to work out, as between Chairman Daniels and myself and the other members of the committees, precisely what action will be taken with regard to the markup of any bill. But I would strongly—it is the intention of the Chair, and I have cleared this with Mr. Daniels, to take all testimony here relating to retirement and all features of this executive pay package. So if your organization has further comments on this subject that are not used in your statement today, we would be



happy to have a supplemental statement from you, or to set aside another time at which you can be heard.

Mr. GRINER. Thank you very much, Mr. Chairman.

The decision with which this committee is confronted with respect to the amount of the salary increase that is to be given to classified and postal employees is an important decision. It will affect the lives of nearly 1.8 million employees. In behalf of the 1.1 million classified employees, I respectfully urge this committee to consider this problem from that standpoint.

We must consider we are dealing with human beings, with justice and equity. We must never lose sight of the impact of such legislation on the personal lives of the men and women who look to the Federal Government for their daily livelihood.

This underlying principle applies equally to classified and postal employees, and at this point I wish to endorse the presentation by representatives of the postal unions who are so ably submitting the arguments in favor of parallel salary increases for postal workers.

The proportion of the salary increase which the American Federation of Government Employees is supporting is 7 percent throughout the classified general schedule. I wish to express our thanks to those members of the House who have introduced the following bills providing a 7-percent increase:

H.R. 12094, introduced by Representative Krebs;  
H.R. 12240, introduced by Representative Olsen;  
H.R. 12288, introduced by Representative Daniels;  
H.R. 12326, introduced by Representative Helstoski;  
H.R. 12489, introduced by Representative Randall;  
H.R. 12838, introduced by Representative Hanley;  
H.R. 12924, introduced by Representative Cunningham; and  
H.R. 13492, introduced by Representative Broyhill of Virginia.

We believe that 7 percent is warranted, as I am prepared to demonstrate in this statement.

Mr. POOL. Are these bills all identical bills?

Mr. GRINER. No; there are some differences in some of them. For instance, Mr. Broyhill's bill is different; Mr. Krebs is different, but generally speaking, they are all about 7 percent. Such an increase also should be uniformly applied in all grades of the general schedule. Table 1 which is appended to this statement shows the manner in which employees are distributed throughout the 18 grades of the classified service. No great proportion is concentrated in any one grade. While 47 percent are assigned to grades 1 to 6, inclusive, slightly more than 52 percent are in grades 7 to 15, inclusive. Only one-third of 1 percent populate the so-called supergrades 16, 17, and 18.

It should not require an emphatic nor eloquent argument to demonstrate the correctness, the justice, and the soundness of the 7-percent increase which we support and which has been submitted in the form of concrete legislative proposals by leaders of the House Post Office and Civil Service Committee. In comparison to the administration's recommendation, it will go a considerable way toward the attainment of comparability with compensation in private enterprise. Yet if one were to advocate actually closing the gap between industry and Government, the raise would need to be substantially greater than 7 percent.

It is our position, Mr. Chairman and members of this committee, that there has been entirely too much unnecessary delay in the attainment of comparability of Federal salaries with those in private industry. We were promised comparability when that principle was formulated as a matter of law by Congress in the Salary Reform Act of 1962. Three times since that enactment the administration has promised recommendations of pay adjustments that would reduce or nearly eliminate the lag between the salaries paid in Government and in industry. Always it has been "next time" but "next time" has never arrived.

Federal employees have been extremely patient, and now they look to you as Members of Congress to insist upon the Federal Government, at an early date, moving its salary policy closer to compliance with the principle of comparability and closing the remaining gap.

Our disappointment is shared by the leadership of the American Federation of Labor and Congress of Industrial Organizations. In a statement issued by the executive council of the federation at its winter meeting last month, it was pointed out that the large group of AFL-CIO members who are involved in this pay legislation here under consideration cannot bargain on their basic compensation.

I might point out we cannot strike either and we do not request the right to strike. So the only ways and means that we have to get justice is through you gentlemen. As a result, the federation asserted—

the importance of Government proposals for improvements in salaries and other benefits has more than ordinary significance.

Concerning the failure to propose comparability, the AFL-CIO statement has this to say:

We are concerned over the failure of the administration to propose to Congress measures to achieve full, current comparability between private industry and Federal Government salaries paid postal and other Federal workers. We reaffirm this position as pronounced by President Meany on April 4, 1965, as a member of the President's Special Panel on Federal Salaries.

The policy of comparability between Federal and private industry rates remains only promise; it must become a reality.

We have been given to understand that increases of classified and postal salaries must be held to a minimum, because larger raises, dictated by economic data reflecting the growth and healthy condition of the economy, would violate the administration's wage guidelines.

It was stated in the 1966 Annual Report of the Council of Economic Advisers, page 79, that productivity in the private economy has grown at an annual rate of 3.6 percent per year since 1960, yet this 5-year trend was ignored and continuation of the 3.2 percent guidepost was continued, page 92. Now Federal employees are offered even less than 3.2 percent.

It appears to me, Mr. Chairman, that this attempt to use precision when it suits the purpose of limiting salaries of the rank-and-file Federal worker is uncalled for and indefensible. In the words of the AFL-CIO executive council:

This action is nothing less than an attempt to shortchange workers, in an effort to impose the burden of the price level on wage and salary earners, who do not set prices, while there is no effective guideline for prices and no guidelines, at all, for profits and dividends.

I believe it cannot be asserted too emphatically that Federal employees are seeking only those benefits to which they are entitled.



The decision can readily rest on the facts and the facts clearly indicate that classified employees for whom I speak are entitled to more than 2.85 percent. This is true even if only the indicated percent increase of average earnings of clerical workers in private industry as surveyed a year ago is considered.

The National Survey of Professional, Technical, and Clerical Pay, February–March 1965, reflected increases in average salary levels ranging from 2.3 to 4.3 percent for the 11 occupational groups studied in which comparisons could be made. The median percentage increase for the 11 groups was 3.9. The AGFE has a goodly number of members in the groups represented in this survey, probably more than any other organization.

Table 2 attached to this statement indicates a significant and recognizable trend toward increased average earnings of clerical workers in private industry. The increases indicated by the first 29 area wage surveys completed by the Bureau of Labor Statistics, of 85 surveys scheduled in fiscal year 1966, showed conclusively an upward trend as compared with surveys for identical wage areas in fiscal year 1965. Whereas clerical salaries increased less than 2 percent in 6 areas in 1965, only one such area was that low in 1966. On the contrary the 2 areas showing an average increase of 4 percent or more in 1965 had grown to 10 areas having this large an increase. The median increase for these areas had increased from 3.3 percent in 1965 to 3.8 percent in 1966.

Thus, if we take these areas as a most conservative indicator of salary trends there is, without a doubt, evidence of an upward trend in salaries paid clerical employees in private industry. I am not referring now to professional or technical positions but to clerical positions in the lower grades. If we oversimplify the comparison of salary increases in the 2 years and add these two averages, we have a combined average increase of 7.1 percent of clerical salaries in industry since the National Survey report for fiscal year 1964 on which the Salary Increase Act of 1965 was based. I do believe the trend indicated by reports for this group of 29 wage areas is significant in that it includes few large cities commonly considered high-wage areas, and, thus, the percentage increase of salaries in areas surveyed later may well be larger.

But there is still other evidence that Federal salaries continue to fall below those in private industry. BLS surveys clearly indicate that salaries in private enterprise are rising more than 3 percent a year. If we take into account the lag of 1 year or more now prevailing, there is a sound basis for an increase approaching 7 percent.

If clerical pay is rising, salaries for technical, professional, and administrative positions in upper grades are rising still more. The rise in the middle grades of GS-5 to GS-13 is explained in table 3 attached to my statement. Grade GS-11 includes many journeyman-type positions of a professional or technical nature. Positions in GS-12 and GS-13 include many that are supervisory, yet not to be considered as strictly on a management level.

Table 3 makes a comparison of percentage increases in private industry in certain areas surveyed in 1965 and 1966. It shows the percentage increase needed to raise the fourth rate in the Classification Act grades indicated to the level of the average salaries of comparable positions in private industry. The comparison shows that the fourth

rate in these Classification Act grades would need to be raised from 5.3 to 17.9 percent to equal industry averages in the BLS survey in 1965. The median increase for the 29 metropolitan areas included was 9.8 percent. If we assume no more than a 3.3-average increase of salaries of clerical jobs surveyed in fiscal year 1966, the percent increase of the fourth step-rate needed to raise salaries to the industry level for these grades would range from 8.7 to 21.7, or a median increase of 13.4 percent.

I am also prepared to offer more specific evidence of clerical salaries exceeding Federal salaries for comparable positions. Table 4 affords such evidence. It compares salaries in the Federal classified service with rates for comparable jobs in the United States Steel Corp. The rates are those provided in the agreement with the United Steelworkers of America last September. The minimum or starting rates in United States Steel for the four positions listed range from 22 to 28 percent above minimum rates for comparable Federal grades.

Gentlemen, I would like to point out I selected United States Steel as the corporation with which we could compare these rates because as you and I will recall, United States Steel was held, I mean the United States Steel workers were held to about a 3½-percent increase last year in their wage negotiations.

Mr. UDALL. Mr. Griner, your tables are very interesting and very helpful and without objection they will appear in the record of these hearings following your testimony.

Mr. GRINER. Thank you very much.

Whatever increase is provided should become effective no later than March 1, 1966. To do otherwise is merely to compound the effect of the lag of Federal pay behind that in private enterprise. The increase of 2.85 percent proposed is supported by the BLS survey centered in February and March of 1965, a year ago. Thus a March 1966 effective date would still be related to supporting data now relatively a year old.

There are several other aspects of the Federal pay problem, Mr. Chairman, which I believe merit the attention of this committee. First, there is the matter of overtime compensation. First, there should be an increase in the limitation now provided in section 201 of the Federal Employees Pay Act of 1945, as amended, on the hourly rate of overtime compensation permitted for employees subject to the Classification Act.

I might point out at this time no limitation for a wage board employee as to how much overtime he should be paid. If he works after 8 hours in a day, or after 40 hours in a week, regardless of his grade, he is paid overtime at the rate of time and a half, and there is no provision for compensation time for the wage board employee. At present, full overtime ceases with the minimum scheduled rate for GS-9. I urge this committee to raise this limitation to the minimum rate for GS-11. The proposed increase would not be great, but would provide more nearly equitable payment for work performed beyond regularly scheduled hours.

I might point out that since this law went into effect in 1945 there has been agency classification of grades, which has been brought about by the increased complexity and responsibility of the jobs. So, ordinarily, I would consider that the grade 11 today would be



equivalent to the grade 9 back in 1945. I would like to call your attention to another critically needed amendment——

Mr. OLSEN. May I interrupt you, Mr. Griner? Is it your view that at level GS-11 the employee there does not determine his own condition of overtime?

Mr. GRINER. Above GS-11 you begin to get into principally supervisory grades.

Mr. UDALL. The Chair will ask that questions be withheld until the end of the testimony. We have four witnesses this morning and I am afraid if I establish a precedent, there will be a whole series of interruptions.

Mr. OLSEN. All right, Mr. Chairman.

Mr. GRINER. I wish to call your attention to another critically needed amendment of existing law, and that is to provide overtime or premium pay compensation for classified employees required to work beyond 8 hours in any one day. Nearly 700,000 wage board employees were given this benefit by the Work Hours Act of 1962. Regular employees in the Postal Field Service also are eligible for overtime compensation beyond 8 hours in a single day. This type of premium pay was authorized for regular postal workers by the Salary Act of 1965. There is no such legislative authority for classified employees.

In other words, gentlemen, classified employees are the only group within the Federal service, other than the legislative or judicial branch, that does not have this provision. Then it is our opinion that we should have premium pay for work beyond 8 hours in a single day as is a relatively common practice in private industry. In 77 of the 102 union agreements with the largest firms in private industry, analyzed by the Industrial Union Department of the AFL-CIO, premium pay was provided after 8 hours. Six other firms provided premium rates after 7 hours. If we are going to move to comparability, then I think we ought to move to comparability on premium pay as well as compensation.

Equitable compensation also is lacking when Federal employees are required to travel in the performance of their official duties. Eliminating much of the injustice done Federal employees, and this includes both wage board and classified, who are required to travel, would be accomplished by House bills now pending—H.R. 10298, sponsored by Representative Krebs, and an identical measure, H.R. 10299, by Representative Olsen of Montana. I testified at a hearing on these two bills on last January 25. Representative Broyhill, of Virginia, has sponsored H.R. 13492, introduced on March 10 last week, to provide payment for travel for both wage board and classified employees. The bill also provides increased pay for classified employees and overtime compensation beyond the 8-hour day and premium rates for Saturday, Sunday, and holiday work.

Representative Krebs has provided for these premium payments in his bill, H.R. 12329, which deals with them similarly to the Broyhill bill, H.R. 13492. The Krebs measure provides premium pay beyond an 8-hour day for classified employees and overtime rates for work performed on Saturday, Sunday, or a holiday by wage board and classified employees.

In reply to questions during his appearance before this subcommittee last week, Chairman Macy of the Civil Service Commission expressed his belief that premium pay for Sunday work and work

beyond 8 hours in any one day could be extended on a Government-wide basis without involvement with the wage guidelines. His viewpoint, as I understood it, was that, inasmuch as postal employees were given such benefits by the Salary Act of 1965, it would be a matter of equitable treatment for other employees to extend the same benefits to those who do not presently have them.

I wish to point out, again, we are requesting your consideration in this connection for both classified and wage board or graded and ungraded, which ever you might want to call them.

Gentlemen, I would like to call your attention to the fact that in the 1965 Salary Act there was a provision increasing the uniform allowance from \$100 to \$125 a month. This clearly indicated to me that in the wisdom and judgment of the legislative branch, such an increase was needed to meet the increased cost of maintenance of uniforms.

The Veterans' Administration, General Services Administration, and the Department of Health, Education, and Welfare are probably the largest users of uniforms outside of the Post Office Department. To the best of my knowledge, none of these agencies has increased the uniform allowance one red copper.

Therefore, I urge you to add a provision in this bill that these and other agencies be required to increase the uniform allowance by a minimum of \$25. And that increase should become effective immediately. You will note I am not asking every person be given the maximum of \$125. There are some cases in which I don't believe \$125 is necessary to purchase and maintain a uniform. And this organization is not asking for any provision whereby an employee could make money on this particular provision of the law. We just want justice.

I would like to make one more comment with respect to the health benefits program. When the Health Benefits Act was passed in 1959, the Government's share of the cost was approximately 38 percent. It is now about 28 percent, and probably will continue to decrease. The package we are now considering contains a provision which will increase the Government's contribution by one-half of the difference and the balance a year later. I believe that this is a step in the right direction, but it is the opinion of this organization that the Government should contribute 50 percent of the cost of the health benefit. We would also like to point out that we believe the ultimate goal, that is, when true comparability is attained, the Government should contribute the full cost which will be in line with some of the principal employers in private industry within the United States.

The proposal to permit retirement on full annuity after 30 years at age 55 would provide a substantial improvement of the retirement system. It would have the advantage of eliminating from the present law the 1-percent-a-year reduction applied to the annuity of an employee who retires between the ages of 55 and 60. Retirement optionally at age 60 after 20 years of service also is desirable for the employee who has entered the service at a point where credit for longer service cannot be earned.

It is also desirable, Mr. Chairman, in those cases where there is a reduction of force or transfer of functions. An employee who does not have sufficient retirement at the present time and he is of that



age, and doesn't wish to move from one part of the country to another, could certainly take advantage of this provision.

I noted it has been proposed to give the Government the option of retiring an employee who occupies a position in grade GS-13 and above. To this I must emphatically object. Such an option is too easily utilized as a means of reprisal.

I would like to point out the grades 13 are usually division heads; they are not policymaking people. The policymaking people at the present time actually begin at around grade 14. This is in the majority of cases, but most of them are up in the grade 15 or higher levels. I see no reason why we should give a supervisor, head of an agency, or anyone else the authority to point to an individual and say, "You are 55 years of age, you have 30 years of service, you get out." And he has no recourse, no appeal. I want to emphasize that the retirement system is intended to reward the employees for long and satisfactory service—in other words, for having made Government service a career.

I have attempted, Mr. Chairman, to summarize our viewpoint with respect to a pay increase, supporting it with adequate documentation, which can be checked at any time.

The retirement benefits also proposed are worthy additions to the total compensation of an employee. The American Federation of Government Employees headquarters office, including the staff, is available to any of you gentlemen or to the committee at any time that we can be of assistance to you.

Thank you very much.  
(Tables 1 through 4 are as follows:)

TABLE 1.—*Employees of the Federal and District of Columbia Governments, by Classification Act grade, all areas, June 30, 1965*

General schedule grade	Number of employees		Percent of total	
	By grade	Cumulated	By grade	Cumulated
1.....	1,809	1,809	0.16	0.16
2.....	32,503	34,312	2.92	3.08
3.....	133,621	167,933	12.0	15.1
4.....	169,328	337,261	15.2	30.3
5.....	133,483	470,744	12.0	42.3
6.....	55,476	526,220	5.0	47.3
7.....	95,493	621,713	8.6	55.9
8.....	19,105	640,818	1.7	57.6
9.....	128,106	768,924	11.5	69.1
10.....	16,147	785,071	1.5	70.6
11.....	120,565	905,636	10.8	81.4
12.....	91,713	997,349	83.0	89.7
13.....	65,048	1,062,397	5.9	95.5
14.....	31,236	1,093,633	2.8	98.3
15.....	14,949	1,108,582	1.34	99.65
16.....	2,760	1,111,342	.25	99.90
17.....	800	1,112,142	.07	99.97
18.....	331	1,112,455	(1)	100.00
Total.....	1,112,455	-----	100.0	-----

<sup>1</sup> Less than 0.25 percent.  
Source: U.S. Civil Service Commission.

TABLE 2.—*Trend of average salaries of clerical workers in private industry in 29 metropolitan areas surveyed by the Bureau of Labor Statistics*

Rate in increase	Number of identical metropolitan areas showing increased salaries	
	In fiscal year 1966 <sup>1</sup>	In fiscal year 1965
Under 2 percent.....	1	6
2 to 2.9 percent.....	8	9
3 to 3.9 percent.....	7	9
4 percent and over.....	10	2

<sup>1</sup> Derived from 1st 29 area wage surveys completed by BLS of 85 surveys scheduled in fiscal year 1966. 3 areas did not produce meaningful averages, 2 having been surveyed for the 1st time in fiscal year 1966.

TABLE 3.—*Percent increase needed to raise classified salaries in middle grades of general schedule of Classification Act to level of industry salaries as indicated by BLS industry surveys in 1965 and 1966 <sup>1</sup>*

General schedule grade	Average salary reported in BLS industry survey, February-March 1965, corresponding to GS grade indicated	Current Classification Act, 4th rate of grade, effective October 1965 <sup>2</sup>	Percent increase needed to raise current Federal rate to salary averages—	
			Reported in BLS surveys of industry in 29 areas in fiscal year 1965	Indicated by BLS surveys of same 29 areas in fiscal year 1966 <sup>3</sup>
	(1)	(2)	(3)	(4)
5.....	\$6,711	\$5,694	17.9	21.7
7.....	7,639	6,890	10.9	14.5
9.....	8,676	8,241	5.3	8.7
11.....	10,643	9,879	7.7	11.3
12.....	12,813	11,723	9.3	12.9
13.....	15,226	13,815	10.2	13.8

<sup>1</sup> 29 of 85 area wage surveys of 1966 series have been completed.

<sup>2</sup> 4th rate represents average salary of grade.

<sup>3</sup> 1965 survey averages reported by BLS were increased by 3.3 percent as an approximation of average increases in areas in the 1966 survey so far completed.

Source: U.S. Bureau of Labor Statistics for averages in col. (1).

TABLE 4.—*Salary rates of comparable clerical positions in the Federal classified service and in the United States Steel Corp.*

Position	General schedule grade	Federal salary <sup>1</sup>		United States Steel Corp. salary <sup>2</sup>	
		Minimum rate	Maximum rate <sup>3</sup>	Starting rate	Standard rate <sup>4</sup>
Key punch operator.....	2	\$3,814	\$4,975	\$4,638	\$5,284
Typist.....	2	3,814	4,975	4,638	5,284
Stenographer.....	3	4,149	5,409	4,961	5,607
Senior tabulating machine operator.....	4	4,641	6,045	5,930	6,575

<sup>1</sup> Rates in Salary Act effective October 1965.

<sup>2</sup> Rates provided in agreement between United States Steel Corp. and United Steelworkers of America, effective Sept. 1, 1965. Biweekly rates have been converted to annual rates for purposes of comparison.

<sup>3</sup> Maximum attained in same grade after 18 years of satisfactory service.

<sup>4</sup> After 52 weeks of service.



Mr. UDALL. Thank you, Mr. Griner. The Chair believes your statement is most compelling, very well organized, and very well documented, and I think it is a helpful statement to have before the subcommittee. I have been one of those who respected the very aggressive and efficient way in which you and the other leaders in your organization have represented such a large number of Federal employees. You do have the largest Federal employee organization that exists now, in terms of membership, and you have always been cooperative with this committee.

We are opening under the 10-minute rule this morning, and the Chair will not attempt to restrict the member's questions, except within that rule.

The Chair would note we have three other witnesses scheduled this morning and I hope we can move along.

I just have two comments and a short question. With regard to the retirement in the third paragraph, on page 9, the suggestions you make. Mr. Olsen and myself and some of the other members of the committee had a rather lengthy discussion of this matter with Messrs. O'Dwyer and Jackson on Friday afternoon. I stated my views, as did the other members at that time. I won't attempt to restate them here today, but, if you are interested, we had quite a full and complete discussion on this subject, and I did give my views at some length on this important and interesting topic.

I am disturbed at the failure of the administration to implement the increased uniform allowance which you referred to. I have already contacted the Post Office Department to tell them of my concern on this matter, and I suggest, unless action is taken very shortly, it may well be the feeling of this subcommittee that additional language along the lines you suggest be inserted in this bill.

I think the administration has an obligation to implement these provisions and put them into effect immediately, and I think you have done well by your members to call this to our attention as concerns the classified employees particularly.

I think you were in the room last week when I asked Mr. Keating and Mr. Hallbeck rather long, involved questions. I would ask you the same question dealing with the fact that I agree, as one, with nearly everything you have said about the inadequacy of pay for your people. I am also aware of the realities of the situation we face this year, the problem of the war in Vietnam, the attitude of the President, the very strong attitude of the President that he has used his influence and rather dramatically and strongly urged that restraint be practiced in private industry. In light of all this, and as one who helped develop this package, recognizing you feel very strongly that this is inadequate and insufficient, in the light of the realities of today, are you or your organization satisfied to accept this package, with the understanding that next year, if this military situation is changed, a major effort will be made to do equity and justice along the lines you have indicated in your statement?

Mr. GRINER. Mr. Chairman, this is a rather difficult question to answer. You will recall that last year the House passed a more generous pay bill than was finally enacted into law. In fact, the House bill included certain premium pay benefits for employees, other than postal employees, which was cut out in the Senate.

We had fully expected, and I know that you and the other members of this committee had expected, that the necessary adjustments would be made this year to provide for an adequate pay bill which would be, or could be, enacted by Congress. In fact, we were halfway promised that. Now we are faced with the fact that the war is not over and is, in fact, being escalated, which only multiplies the problems of the American people and, of course, alters the situation from that which we faced a year ago.

It is my opinion that the members of our organization and the employees of the Federal Government as a whole fully recognize and will readily admit the greatest need of our Nation today is just and speedy settlement of the Vietnam question. I believe the records will show that a great majority of the men and a surprising number of women have actually served our country in the military during the past quarter of a century. In fact, many of them are now serving our country. Some have given their lives in the present war. A number of them have children, husbands, or close relatives who are presently at the battlefield.

It has been our hope, and it is my opinion, that we have justified an increase of at least 7 percent. As I said before, we had hoped to be able to get such an increase enacted into law, but the escalation of the war in Vietnam has imposed such restrictions, including guidelines, which the Federal employees cannot wholly disregard. Employees of the Federal service—and I hope you will agree with me—are the most loyal and patriotic group in the country. And I believe they are more concerned with the success of the war than obtaining an adequate pay increase.

In view of the crisis which now confronts the country, the conclusion of this organization is that we will reluctantly accept the proposed package which has been offered to us, with the understanding that we will probably be back before you next year with justification for an adequate pay increase, especially if we are successful in our efforts in Vietnam. May the good Lord guide us in obtaining peace.

It is true that we have had several meetings with top officials of this administration, where the whole pay problem has been discussed democratically.

At this point, I would like to express our appreciation for the opportunity to have such discussions. This is the first time this has happened since I have been president of this organization, which has been about 3½ years.

Gentlemen, I would like to point out, however, that it is the opinion of this organization that premium pay should not be considered as pay included within the limitations of the guidelines. The questions put to Chairman Macy of the Civil Service Commission last Monday, and his replies thereto give support to our position that certain types of premium pay, namely, time in excess of 8 hours in any one day, should be overtime—

Mr. POOL. Mr. Chairman?

Mr. UDALL. Let the gentleman finish.

Mr. GRINER. And premium pay for work on Sundays could be granted in order to achieve uniform treatment of all Government employees, whether they be wage board, classified, or postal, may also be granted.



Furthermore, it is my opinion that pay for traveltime and the increase in maximum base for overtime now paid in grades 9 to 11 is justified and within the guidelines.

I respectfully request, in your deliberations, that you consider introducing into this bill, or into your report to Congress, a recommendation that these premium pay items be included in the legislation and not chargeable to the guidelines.

I further urge you to make Sunday differential and traveltime applicable to all graded and ungraded or classified or wage board within the Federal Government, in order that uniformity and equity can exist for such employees.

We cannot agree that the effective date of this legislation be January 1, 1967, and I believe that was in the package. I find no evidence, whatsoever, to support such a date. We have therefore requested that the effective date be March 1, 1966, for the purpose explained in my statement.

I feel that it would be impossible for me to face my membership with a puny pay increase of 1 percent for the first three grades. Therefore, I am recommending at this time that the increases granted should be 2.9 across the board. I realize that such a recommendation, if adopted, would probably result in a further deficiency in the upper grades. However, that can be taken care of at such time as we try to obtain the comparability which is required. And I hope that is soon, Mr. Chairman.

Mr. UDALL. Thank you, Mr. Griner. Let me say, as I said previously, that, while I recognize the anguish and the feelings that you must have had in making this decision, I commend your decision. I think it is in the best interest of your organization and your country, and I think you have done your membership a service and the country a service by taking the actions which you have taken.

The gentleman from Montana is recognized for 10 minutes.

Mr. OLSEN. Thank you, Mr. Chairman. Mr. Griner, it is your understanding that the effective date of January 1, 1967, and the spread of the increase were not part of the package?

Mr. GRINER. It was not.

Mr. OLSEN. That, as a matter of fact, there is room——

Mr. GRINER. Room for negotiations in that; yes, sir. Nor was the premium pay I asked for a part of the package, but they were discussed and, as you noticed, Mr. Macy was asked a question to which he did not indicate any serious objection. In fact, he went along with part of it.

Mr. OLSEN. Do you have any idea if the fringe benefits are going to be acceptable, including overtime and Sunday differential, over in the other body?

Mr. GRINER. We have not discussed them, item by item, but we have discussed those as a whole with the other group, and there are some indications that they would be acceptable.

In other words, there has been no turndown on the other side of the Capitol. I might add, there has been no direct acceptance, either. But I feel, let's say, encouraged, optimistic.

Mr. OLSEN. I would hope that we get better treatment from the other body, with respect to fringe benefits, than we got in the bill last year. I hope that you people, all of the leaders of the employee

groups, will bring your explanations and your influence to bear over in the other body, as you have done so well here.

Mr. GRINER. Thank you, sir. We will certainly try.

Mr. OLSEN. Now then, if a better package is obtained from this committee, I would presume that your organization and your leadership would support the proposals of this committee?

Mr. GRINER. Oh, yes, sir.

Mr. OLSEN. And that it is not part of any agreement with the White House that you would resist better proposals coming out of this committee?

Mr. GRINER. No; it certainly is not part of any agreement. That is right, sir.

Mr. OLSEN. Getting back to my earlier question, while you were testifying, concerning at what grade men determine their overtime. You say that now as high as GS-11, they do not determine their overtime?

Mr. GRINER. That is right, sir. In other words, normally speaking, the supervisory grades usually begin at around grade 12. That is the supervisor with some meaningful authority.

Mr. OLSEN. The one who would determine who was going to work overtime would be in a higher grade than GS-11.

Mr. GRINER. Yes, sir.

Mr. OLSEN. Therefore, you think that overtime, Sunday differential, all of these things, should be provided for employees up through GS-11?

Mr. GRINER. At least that; yes, sir.

Mr. OLSEN. Now then——

Mr. GRINER. And, Mr. Congressman, again I want to remind you—I hope you don't forget that I am asking for the wage board to be included in some of these Sunday differentials and other things, too.

Mr. OLSEN. You will have to give those particulars to us, when we get around to marking up the bill. I would like to hear from you then.

Mr. GRINER. We shall be happy to do it.

Mr. OLSEN. I know Mr. Krebs wants to, also. We both are interested in that.

Now, I wanted to get this subject of uniform allowance clear. I thought it was so definite in our hearings, and then, later, in executive session, that the increased uniform allowance of \$25 was to be paid simply upon the vouchers being submitted by the employee to the effect that he had this additional expense. I think that is the chairman's understanding, as well?

Mr. UDALL. Yes.

Mr. OLSEN. For that reason I think we ought to take the view that this \$25 additional uniform allowance is retroactive at this time and it ought to be effective as of the date of last year's bill, or whenever that was in effect, the provisions under last year's bill. Perhaps we should be talking this year of an additional uniform allowance, over and above the additional \$25 of last year. And I think we ought to explore justification for something more than the \$25 of last year, because, early last year, we were talking of \$50.

Mr. GRINER. I have forgotten when the uniform allowance bill was passed. Do you remember, Dr. Voss?



Mr. UDALL. The House passed \$150. The Senate cut it back to \$125, and it was effective the date of enactment, which was last October.

Mr. GRINER. I was trying to think when the \$100 was granted. In other words, it must have been 4 or 5 years ago. Certainly, the cost of uniforms, plus the cost of maintenance of those uniforms, has increased more than 25 percent in the last 4 or 5 years.

Mr. UDALL. This was at least 10 years old when we increased it last year.

Mr. GRINER. I think it is probably older than that. There are a number of agencies that have never, nor do they have any intention of granting the full amount of the uniform allowance. Maybe in some cases the full amount is not justified. But certainly, I believe the \$25, which you in your wisdom and judgment found to be needed should have been allowed to these employees. It has not been allowed to them up to the present time.

The Uniform Allowance Act was enacted in 1954, Dr. Voss tells me. So that was some 12 years ago.

Mr. OLSEN. That is well taken. I am glad we got that into the record, because we should be talking about more than \$25 now. Twenty-five dollars was the amount given last October, and we ought to be talking about more than that now. Thank you, Mr. Chairman. That is all I have. I thank you, Mr. Griner, and your colleagues and your organization for an excellent presentation. I am very happy to note that you will go along with this committee if we write a little bigger package. Thank you.

Mr. GRINER. We never turn down anything more than we ask for, Mr. Chairman.

Mr. OLSEN. If we get it out of this committee, I want you fighting for it.

Mr. UDALL. The gentleman from Nebraska.

Mr. CUNNINGHAM. I enjoyed your statement, too, Mr. Griner. Did I understand you to say you would prefer a straight 2.9 percent across the board?

Mr. GRINER. Yes, sir.

Mr. CUNNINGHAM. And then the additional would be the fringe benefits that would make the package?

Mr. GRINER. That is right, sir.

Mr. CUNNINGHAM. And you are willing, on the other hand, to go along with the administration?

Mr. GRINER. Under the conditions we are now faced with, Mr. Congressman, I feel we have no alternative.

Mr. CUNNINGHAM. Well, if the other organizations feel that way, maybe we ought to just put the statements in the record.

Mr. UDALL. If the gentleman will yield, not all of them feel that way. The major ones, the largest ones, do, but some of the others in the hearings last week indicated rather emphatically that they did not agree to the package. They left little doubt.

Mr. CUNNINGHAM. Thank you, Mr. Griner. I appreciate your statement. That is all, Mr. Chairman.

Mr. UDALL. The gentleman from Texas.

Mr. POOL. Mr. Griner, the Krebs' bill is not inflationary, per se, is it?

Mr. GRINER. No, sir; very conservative.

Mr. POOL. It is correcting a wrong that has been going on, and comparable to private industry—it is comparable to private industry?

Mr. GRINER. Yes, sir.

Mr. POOL. It has nothing to do with the pay scale. Is that correct?

Mr. GRINER. That is right. There are several points in Mr. Krebs' bill. Which one did you have reference to?

Mr. POOL. I am talking about the traveltime and such things.

Mr. GRINER. Yes, sir; it would not inflate the pay of any individual.

Mr. POOL. So, no one could point to this bill and say, "It is inflationary." That is the point I am making.

Mr. GRINER. That is right, sir.

Mr. POOL. So the committee could take the package deal and put his provisions in there also and it still wouldn't upset the apple cart, as far as the overall philosophy of inflationary trend?

Mr. GRINER. Congressman, I am absolutely satisfied it would not. Let me make a remark there. It is my opinion that with good and sound administration, you would have very little of this traveltime.

Mr. POOL. They wouldn't have any, if they handled it right. Is that right? Wouldn't have to have a law?

Mr. GRINER. That is right. If they have to pay a premium pay for it, they will cut it out, stop this traveltime outside of the employee's regular tour of duty.

Mr. POOL. I had a lot of fun presiding over your hearings and I am about decided for you on that, because I don't think it is inflationary, and I think it is a wrong that ought to be righted. This is a good time to do it.

Mr. GRINER. Thank you, sir.

Mr. POOL. I also want to compliment you on accepting the package bill, in view of the war situation. I commend you and your organization. It would be difficult for you, as a representative for a labor union, to go back to your people and tell them you are accepting a compromise, without having strongly voiced your position.

I think it is real fine that you can come up here and make that statement. I was wondering what you would say a while ago and I am real proud of what you said. I think that is real enlightenment in the labor movement, and I like to see it.

Mr. GRINER. Thank you, sir.

Mr. POOL. That is all.

Mr. OLSEN. Mr. Buchanan?

Mr. BUCHANAN. I would like to say again, Mr. Griner, as I have said on several previous days, that I deeply regret that the House version of the pay bill last year did not carry through. I doubly regret it in light of the present situation, and the fact that we are not coming anywhere close to achieving comparability, in my judgment, in this bill for Federal employees.

I, however, join in expressing appreciation to you for your decision under the circumstances of the effort in Vietnam and I want to say to you that, while I would agree that Federal employees have not caused whatever inflation we have, could hardly be held responsible for it, I think sooner or later we have to let Federal employees catch up. I am not holding the guidelines created for others. They are running consistently behind.

Until they achieve comparability, it seems pretty unfair to impose the same guidelines on them as on other groups. I do appreciate



your position. I think you have exercised good leadership, not only for your organization but for other groups in the country.

I just hope, Mr. Chairman, that others will follow the leadership that has been exercised by these Federal unions, postal, and Mr. Griner's union, in this present situation. We may have a chance to really hold down inflation and do right by our people in Vietnam.

I appreciate it, and I hope they will soon take some significant steps toward comparability for Federal employees.

Mr. Griner. Thank you, Mr. Congressman.

Mr. UDALL. The Chair recognizes Mr. Krebs.

Mr. KREBS. Thank you, Mr. Chairman. I, too, Mr. Griner, want to join my colleagues in commending you for an informative and scholarly prepared statement. I believe that the substance of it gets to the heart of the problem which I have tried to get at for the last week or more in these hearings. And I want to give you a chance to comment on my feelings, as expressed repeatedly in these hearings, without taking the time to do so. I want to say, this is Monday, the beginning of a second week, and my feelings and attitude about this whole problem haven't changed. And I suspect you are aware of them.

I ask you, do you want to make any comments on the expressions I have made here in these hearings?

Mr. GRINER. I was here at the first hearing, Mr. Krebs, and I know the position that you took then. In my opinion, the Federal employees are just like the fish in a glass bowl—in other words, we are under close scrutiny by every group in the country, even by labor itself. We have not been given what we were entitled to. We have had a promise, year in and year out, ever since 1962.

For instance, I pointed out this morning that the average increase since 1960 has been about 3.6. It has not been applied to Federal employees, but one of the problems that we have been faced with is when we started with comparability. We did not go back and try to catch up on those years in which there was no comparability considered, and in which we were trying to get these increases on a hit-and-miss basis, and get the very best we could, and there were several years in which we received no increase. So, once the principle of comparability was established, and I have wondered in my own mind whether that was to apply only to pay, because we usually talk about comparability in the way of pay, or whether it would apply to fringe benefits and premium benefits, and there is a difference between fringe and premium payments, across the board.

It is my opinion it should apply across the board.

Mr. KREBS. Let me ask you, generally, in the economy we live in today, do you believe that, in order to fairly mete out the burden of putting our Nation's well-being first—and nobody denies that this should be our No. 1 goal—do you believe it is possible to impose a 2.9-percent limitation on wage increases, and a three-tenths of 1 percent limitation on fringe benefits, on a relative handful of Federal employees and not on anybody else in the same mandatory manner, and really do anything toward avoiding inflation?

Mr. GRINER. Very, very little, Mr. Congressman. There will be some reflection on it; yes.

Mr. KREBS. In your statement on page 7, you make reference to a survey, a BLS survey, that you say was a year old. I want to ask

you, is it really a year old, or is it older? Because, the dates of February–March 1965 are the dates on which this survey was made public.

Mr. GRINER. Actually, it is a year and a half or 2 years old.

Mr. KREBS. The data that was incorporated in that survey could conceivably have been gotten a year before that. It might even be a 1964 or 1963-and-a-half survey; might it not?

Mr. GRINER. No. Your report was actually made about March 1, as I understand it.

Mr. KREBS. The report was made public on March 1. Did they gather the information on February 28 and put it together overnight and release it on March 1?

Mr. GRINER. No. I understand it was gathered from about the 1st of September on through the balance of that year and probably January and February of 1965.

My director of research tells me that the information was gathered in the fiscal year of 1964 and that means from June 1963 to July 1964, and then——

Mr. KREBS. All I know is it probably was gathered starting with the beginning of the fiscal year, which would be July 1, 1963, and ended on June 30, 1964, because it is a monumental job to gather and interpret and collate and print and proofread and all of the other things that have to be done to this. So, in fact, you might very well be comparing conditions that should be current, that actually were conditions that existed 3 years ago. And I say this, in my judgment—and I want to see how you feel about it—might have a further effect on the comparability we have striven to accomplish.

Mr. GRINER. Certainly, it will have an effect. I would like to point out to you in some of these figures quoted—I believe I mention here on page 6 that there had been 29 wage areas that have already been surveyed, 29 out of about 85, I believe it is. I think there are 85 areas to be surveyed, and I might point out, out of these 29 wage areas, we already note that there is a minimum of 3.3 that will come up on the 1966 reports.

Mr. KREBS. With the Chair's indulgence, I would like it if the research director, Mr. Voss, would supplement Mr. Griner's answer. Do you have any objection, Mr. Chairman?

Mr. OLSEN. Without objection, it is so ordered.

Mr. KREBS. I think there is a fundamental question that is raised and I would like to get such answers as we can on the record.

Mr. GRINER. You want to know what the basic survey covers?

Mr. KREBS. I want to know whether or not you think the survey is fair and modern, in the sense that it is dealing with circumstances we try to measure currently and, in my judgment, have not measured currently, but went back to 1963 and 1964?

Dr. Voss. I believe the survey, as it is set up, is as fair as can be conducted within the resources that the Bureau of Labor Statistics has available. There is a delay, of course, and that necessarily will have some limitations on the results and, from a practical standpoint, it is really not possible to eliminate all of the lag. That has been pointed out by the Commissioner of Labor Statistics in his appearance on one or two occasions.

The survey on which the current recommendations for salary is based represents the fiscal year 1965. In other words, it is a survey



which began about August of 1964 and ended June of 1965, the reference date being February and March 1965.

Mr. KREBS. Let me ask you this: Is it possible, in your judgment, to establish some sort of an adjustment factor that we could utilize on this survey, if we recognize that it deals with conditions as they existed in fiscal 1963-64. Could we not measure the progress made, wagewise, of the workers measured in the survey, and adjust the figures that this survey gives us to make them more nearly reflect the existing circumstances?

Dr. VOSS. First of all, I believe there could be an adjustment factor applied that would cover what has not been put into effect since, let's say, 1963.

Mr. KREBS. I don't want to delay any longer on this, because my time is limited.

Mr. GRINER. Mr. Congressman, may I read into the record at this point a statement made by Mr. Macy in 1963 that I think might be of some use?

Mr. KREBS. Yes, go right ahead.

Mr. GRINER. This is in Mr. Macy's statement to the committee in 1963. It says:

The time gap is a problem which we must overcome before we can say that the comparability principle has been made effective. The Director of the Bureau of the Budget and I are having a staff study made of all possible methods of reducing this gap. Before completion of the next annual salary review, later this year, based on the Bureau of Labor Statistics' 1963 report, we shall provide employee organizations with the results of this study and seek to reach an agreement on a feasible process involving a minimum period of time between survey and salary. I feel certain that we shall be able to develop a plan for substantially reducing this time lag.

Mr. UDALL. The gentleman's time has expired. Perhaps Mr. Hanley will yield him a moment or two, if need be. But I do have three other witnesses I am anxious to complete this morning.

The gentleman from New York?

Mr. HANLEY. I will be happy to yield to Paul for a moment or two.

Mr. KREBS. Thank you very much, Jim. I have two more questions.

No. 1, the representatives of the other organizations testified that they were opposed to a provision in the administration's recommended legislation that would make it possible for them to work substitutes 8 hours in any 15-hour period, as distinguished from the existing law of 8 hours in 12 hours. You didn't mention that. How do you feel about that?

Mr. GRINER. We have no employees in the post office, and that is a peculiar problem to the post office employees.

Mr. KREBS. Good. The next question is, and this might be the \$64 question, I don't know. Everybody that has been in here has made reference to the package discussed in some negotiation session. I am only a Member of Congress and a member of this committee, who will have the responsibilities of working on this legislation, and I have no idea what "package" you are talking about.

I see from your testimony today there might be some difference of opinion as to what was discussed and agreed on there. I wonder if it would be asking too much, Mr. Griner, if I ask you, as best you can recall, to submit to this committee your ideas of what you agreed you were willing to accept and what you weren't willing to accept.

Mr. GRINER. Would you like to have it this morning or give it to you later?

Mr. KREBS. Any time between now and the time the hearings are closed would be satisfactory.

Mr. GRINER. I will give it to you in writing, yes, sir.

Mr. KREBS. Thank you. That is all, Mr. Chairman.

Mr. HANLEY. Thank you, Mr. Chairman. Mr. Griner, I want to commend you on your consideration of the administration's proposal, with a view to the problems relevant to national defense. If I might pose one question with respect to the retirement aspect of this proposal, I concur with you in your thinking, and I simply want to refer to the matter of reprisal, in event the Government had the option to retire an employee.

I am wondering if you might want to suggest any hypothetical examples of what might happen in the way of reprisal.

Mr. GRINER. Under the proposal which I have not read, but I have heard about, the Government would have the option, after a man attained the age of 55 with 30 years of service, of just pointing to him and saying, "You can retire at 55 and 30, or you will be retired as of a certain date." The employee has no right to appeal. That would mean this: If there were a supervisor who didn't like this person for any particular reason, he could recommend his retirement. That is an easy way of getting rid of him, rather than to go—even if he thought he had performed some act on which he could be charged, rather than to go through the procedure of a hearing, he could retire this man.

We don't think it is fair. We think a man should be the judge as to whether or not he should retire, as long as he is doing a satisfactory job.

Now, if he is not doing a satisfactory job, then you can charge him under adverse action procedures, or, if he is disabled, you can retire him on the account of disability. But, frankly, I can't see the necessity of this, with the lower grades, especially as low as grade 13.

Now, there might possibly be some reason for it in the policymaking grades. As I pointed out, it has been my experience that the policymaking grades actually begin around the GS-14. But the real policymaking is 15 and above.

Mr. HANLEY. For instance then, if, in the opinion of an agency, the level of competency of this individual had declined, then perhaps this avenue would be adhered to?

Mr. GRINER. That is right, sir.

Mr. HANLEY. Basically, this is about what the evil of this provision would be, insofar as reprisal is concerned?

Mr. GRINER. That is right. Mr. Congressman, there are a lot of reprisals that take place without the actual intent on the part of the supervisor. It is just something that more or less automatically happens. But, if you can trace that back to its origin, you will find that there was a difference of opinion or some reason why this condition occurred, even though it might be many years later.

Mr. HANLEY. Yes. I think you have answered my question quite well, Mr. Griner. Just one other point, and this is relevant to your statement on page 7 in the matter of overtime up to GS-11. Do you have any comment with respect to similar provisions in grades in excess of GS-11?



Mr. GRINER. At the present time we have a provision that overtime will be paid at the option of the employee if the employee is in GS-9 or below. If the employee occupies a position above GS-9, the agency has the option of paying overtime or granting compensatory time. But the maximum overtime that can be paid to an employee is based on the beginning rate of GS-9. So, if a grade 12 worked overtime and was paid for that overtime, he would only get the rate that is paid to the grade 9. That is a maximum he can get.

Now, beginning with the grade 10, the management has the option of saying, "You are entitled to overtime or compensatory time," whichever, in the judgment of management, should apply. But up through 9, the employee has that option, and we have no objection to that option on both sides remaining as is, except, of course, if this is increased to the grade 11, we would ask the option to begin at grade 12.

I might point this out to you, Mr. Congressman, that it has been our experience that, since the escalation of the Vietnam war, there is a great deal of overtime. In other words, I know of a case where one of the agencies asked for a number of additional slots, so they could hire additional manpower. Its request was cut about 30 percent. Top management was asked, "How are we going to perform this work if we don't have the manpower to do it?" The answer was, "Either by overtime or by contracting part of the work out."

Now, if these people are going to perform overtime, I think they should be paid for it. We have a tremendous amount of work, overtime work, now going on in the Department of Health, Education, and Welfare, because of the medicare situation. We have journeymen, doctors, and others working 6 days a week and the maximum overtime they can be paid is based on the beginning rate of a GS-9, and it is just not fair to them. Employees don't work overtime because they ask for it. Employees don't control overtime. They are instructed to work. And if they are instructed to work overtime, certainly they should be paid for it.

Mr. HANLEY. It would appear that a high degree of inequity exists in this particular area.

Mr. GRINER. That is right, sir.

Mr. HANLEY. That is all, Mr. Chairman.

Mr. UDALL. The gentleman from Louisiana.

Mr. MORRISON. Mr. Griner, I have always admired you, but never more than at this moment.

During the time you have been active in the American Federation of Government Employees, and especially the time you have been in a position of leadership, I don't know of any man at the head of any organization who has worked harder and tried harder, or longer, than you have in building up a great union which is so needed and so important to our Government and its employees.

I recall a speech I made, a few years ago, at one of your conventions. You had not yet been elected president at that time. I believe it was in San Diego, Calif. As I shared with the delegates at the convention my thoughts about future legislation as it affected them and the people they represented, I stressed the unique importance of the role that their organization could play and the measures I hoped they could take in further strengthening their union in the best interests of the country, the Government, and their members. I urged all of those delegates to return home and dedicate themselves devotedly to

the task of building their organization, expanding its membership, and alerting all Federal employees to its benefits. I warned them there would be difficulties and hardships, and that they would be called upon for unselfish and probably unheard-of toil—with often only they themselves knowing their trials, their successes, and their discouragements. I held out to them the fine prospect of the vast potential, the great possibilities, for good that their own efforts held in store. I left them with the thought that no chain is stronger than its weakest link, and that the weak link in your organization at that time was the need for far broader membership. Only by forging a strong membership link, I said, could they go forward to bring about the changes and improvements that were necessary in our Federal work force.

And then I saw you arrive on the scene as president of this great organization, and to me your record of achievement is an inspiration. If I could have spelled out in detail the plans and the specifications to accomplish the purposes I urged in San Diego—if I had prepared a manual on how to build a stronger organization and on the essential parts—you could not by placing it in effect have done a more magnificent job than you have, on your own initiative, on behalf of the people you represent here today.

Your leadership has been wise, devoted, effective, and farsighted. The record you have made is truly amazing. You have succeeded in doing for your organization what it needed most, through your outstanding leadership. You have indeed forged the strong link that was wanting. Aside from your personal dedication, you have gone far above and beyond the call of duty. It is a tribute to you personally, and perhaps the one factor that has lent the greatest impetus to the forward strides in membership and strength, that you were able to inculcate in your members and other employees a sense and understanding that you, as their leader, could and would do for them what they most need. You have impressed them that you are always ready, willing, and able to fight for the principles and the benefits that your organization stands for—the high principles of good government and public service, allied with a sound program of Federal salaries, fringe benefits, and proper adjustments in keeping with the economy and the times. You have made them realize, as you and I do, that the only way to succeed in these endeavors is by having a strong and forceful and determined organization, with a community of interest, that will fight for these principles and benefits under enlightened leadership.

But there is also another essential ingredient. This may be the most difficult one. It is a sense of timing and reasonableness. To be reasonable under trying circumstances, when it may affect not only the Nation but the welfare of millions of people, often is the most difficult approach to a problem. This difficulty is aggravated when it seems that everything else—every pressure, every feeling, every desire tends to make one be otherwise.

What you have done today, Mr. Griner, in supporting the President's program for Federal employees and his guideposts to protect our national economy, has my greatest admiration. It is in keeping with the traditional loyalty and patriotism that has always characterized both you and your organization. The unselfish and statesmanlike willingness to accept lower salary levels immeasurably



strengthens the hand of our President and his advisers in guiding our country in a time of national emergency when peril threatens from international communism. The difficult position in which you, and we, find ourselves certainly is not the result of anything that anyone here in this room did or did not do. It is something over which we have no control.

I know you as a patriotic American and as a determined and able leader. Neither you nor any member of your organization need bow to anyone in your high degree of loyalty and patriotism. I think you could point justifiably to the fact that right now, in Vietnam, many of our soldiers and sailors and marines and airmen fighting there are members of your organization or are the sons of members.

Many of us experience difficulty in fully understanding the combination of contradictory circumstances we face today. We attempt to perform our responsibilities, as you do on the one hand, to keep faith with the people you represent. At the same time, we fully realize if communism is to be checked this is the time and the opportunity to do it at the least cost in lives and suffering and privation. We here on the homefront face one of the greatest perils a nation can face, and look to our fighting men to protect us. We can do no less than to back them in full measure by maintaining a sound economy and maximum production while guarding against the dark and grave potentialities of inflation.

There is nothing in our national or personal everyday lives more insidious and dangerous than inflation. Our very system of free enterprise and democracy in government could lend itself to inflationary trends were such trends not curtailed at the very beginning. The President of the Nation upon a number of occasions has spelled out exactly how serious he considers the danger of inflation. When the President and his administration, on whom are imposed the stupendous responsibilities of our Nation's domestic and foreign affairs, in their wisdom and with all of the facts take the position embodied in the President's pay message, certainly they must have our support. There certainly can, and will always, be honest differences of opinion, and minority views are entitled to recognition, but such opinions make the task of restraining inflation more difficult.

The word "inflation" in a sense is a tricky one, because it does not adequately portray the dangerously explosive potential that is really involved. I do not see how the President can be in a position to ask the steel industry, the aluminum industry, the automobile industry, or any other industry or labor organization outside of Government to observe the guideposts he has established to counter inflation if he does not apply the same principles and standards in dealing with Federal employees. Employees in the private sector share many problems and desires with employees in the Government, and also have differing ones. Our fellow workers in private enterprise also have different ways, means, and avenues of trying to solve their problems than exist for Government employees. Nevertheless, the President would be in an embarrassing position, to say the least, were he to seek to do for Government employees more than that for which he asks other employees to settle in their dealings with private employers. If the President is going to be at all fair and consistent, he had no choice but to take the position he has taken in officially recommending the legislative proposal now before us.

The choice must have been very difficult on his part. It certainly is difficult on your part and on ours. There is some feeling that the rank and file of our 2 million or more Federal employees, lacking full knowledge and understanding of all of the facts, may not realize the seriousness of the true situation as it affects their personal interests. This, I know, has made far more difficult your decision to take the approach you have. Quite the opposite course would have been far easier for you—a course toward the more liberal program you have so ably justified, but one disregarding the true national interest. But I have a deep and abiding faith in our Federal employees, and I sincerely believe that they will understand and support the course you have taken as a courageous leader and a patriotic American.

I do not think I will ever have to defend myself from any criticism of my efforts over the years to help better postal and other Federal employees in their everyday life and in the measure of compensation to which they feel entitled. During my entire 23 years of service in the Congress—first on the former Civil Service Committee and, since 1947, on this committee—in all of my congressional life I have worked and fought for justifiable levels in Federal employees' pay and fringe benefits. I have never taken any other position. I have always asserted that Federal employees are lagging behind the private sector and have never caught up. I still do.

I believe the record amply demonstrates that I have kept up this good fight throughout the years. I have never changed my feelings or convictions and never will. If I may be forgiven a personal reference, I think perhaps I have been on the firing line for Federal employees longer than any man sitting in this room today. I will stand on my record, which speaks for itself. Nor is there any human being who has gained greater personal satisfaction from helping his fellow men in their striving to a better life than has been my good fortune.

I had hoped this year that many things could come about, and that I could contribute in some measure to a better life for our Federal employees through richly deserved adjustments in their pay and fringe benefits. Frankly, my hopes were based on measures considerably more liberal than that now being considered.

I have always set my sights a little high, and then devoted all my energies along the lines of my high sights. Those who do not aim so high—those who on occasion have opposed salary and benefit legislation for Federal employees—will always take care of lowering the sights. If sights are set high enough, those who have lower targets or none at all can play their part and the usual result, after the Congress has worked its will, is a reasonable compromise worked out on a give-and-take basis. Results from this policy have been rather substantial, and certainly of the kind that give considerable personal satisfaction to those who helped obtain them by setting high sights in the first place.

However, this is a time of trial for all of us. I believe we must make up our minds, regardless of what we would like to ask for and fight for and hope for, that we must recognize that what Federal employees really deserve and want and hope for will come on a future day.

As far as concerns your friends on this committee and others best qualified to judge the national interest, I think the sooner we realize this the better it will be for all concerned. The emergency in Vietnam,



the harsh impact on our economy, the timing of these factors, are matters over which neither you nor we have control. But what we do here, the value of your good advice and counsel, will have a major role. Your decision—the position in support of the President you have taken—has required great courage and deep understanding. I think it is a wise and proper decision. I think in future years that all those people—and I hope they are few in number—who do not understand the decision because they have not had access to the facts as you and I have, will thank you from the bottom of their hearts and appreciate and commend you as we do here today.

I want you to know, too, that I realize the problems faced by you and your members differ, in many respects, from those that confront other organizations and groups who have taken the same position as yours on the President's proposal. Therefore, it is readily understandable that your position varies in some measure from that taken by each of the others. But, although there are differing problems, responsibilities, and duties, the important thing is that, in the final analysis, you have joined with other great Federal employee organizations in support of the sound and essential national policy on which the President's proposal is based. All members of your organization may take just pride in your leadership. I will say, as I have said to other leaders, that this is your finest hour. Perhaps because your support for the President is the most difficult decision of your life, this will make it the finest hour in your personal life and in the records and annals of the fine organization you head.

You have my most sincere congratulations and deepest admiration for the position you have taken here today.

Mr. GRINER. Thank you, sir.

Mr. UDALL. The Chair would like to say that there is no Member of Congress more knowledgeable and more dedicated in this field than the vice chairman who just spoke. As one member of this committee, I want to second what he just said.

We thank you, Mr. Griner, Mr. Voss, and Mr. Walter, for coming here today.

Mr. UDALL. The next witness is Mr. Nathan T. Wolkomir, president, National Federation of Federal Employees, accompanied by Irving Geller, director of legal and employee relations.

While these gentlemen are taking their places, the Chair will observe we have 12 other witnesses scheduled for tomorrow, and we obviously are not going to get to them this morning. I would say there is no House business scheduled this afternoon, and it is the intention of the Chair to reconvene this session at 2 this afternoon to complete the witness schedule for today. So if you plan to be with us at 2 this afternoon, we will take your testimony at that time. I hope the members of the subcommittee who are available will be with us this afternoon.

Mr. Wolkomir, you represent a fine and busy and important organization. We are happy to have you with us. You have always been helpful to the committee. We are anxious to hear what you have to say.

**STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES; ACCOMPANIED BY IRVING GELLER, DIRECTOR OF LEGAL AND EMPLOYEE RELATIONS, AND DR. HAROLD FINNEGAN, LEGISLATIVE ASSISTANT**

Mr. WOLKOMIR. Thank you very much, Mr. Chairman.

My name is Nathan T. Wolkomir. I am president of the National Federation of Federal Employees. To my right, I have the chief of our legal and employee relations staff, Counselor Irving Geller, and to my left, my assistant on legislative matters, Dr. Finnegan. We have members in virtually all departments and agencies worldwide. I wish to express the appreciation of our organization to the chairman and members of this subcommittee for their sympathetic and understanding interest in the vitally important subject of compensation as it affects Federal employees, the Federal service and, in a larger sense, the public served by these employees.

Mr. Chairman, the basic issue with which we are confronted is clear and the solution to the dilemma in which the Federal Government finds itself is plain.

The issue is that despite a clear statement of policy set forth in previous pay legislation, the comparability principle is not being followed in various grades. The administration, while giving lip service to that vital principle, has persistently taken a position in opposition to its effectual implementation.

May I add, gentlemen, "expedients are for the hour, principles are for the ages."

As a result of the administration's position, the 1965 pay legislation fell substantially short of achieving its objective, which had been soundly met in the bill sponsored by the distinguished chairman of this subcommittee, Congressman Udall, and may I also state other legislation presented by other members of this committee.

A similar situation, however, confronts us today. The administration continues to give lip service to the comparability principle but opposes meaningful action to put it into effect.

Since the passage of the 1965 pay act, many Members of Congress have expressed the view that the forward steps which were not taken in the measure which finally passed in the closing hours of the 1st session of the 89th Congress should be taken as soon as possible in this session. With this view the National Federation of Federal Employees is in wholehearted agreement.

We therefore urge prompt action on pay legislation in this session so that we can avoid the situation in which we found ourselves in the last session; namely, an inequitable take-it-or-leave-it position.

Responding to the recent administration omnibus proposal to include in one place the recommendations relating to Federal employees' pay and fringe benefits, I am taking this opportunity to also state the position of NFFE on the more significant proposals. NFFE therefore recommends:

(1) A 10-percent across-the-board increase, with 5 percent effective January 1, 1966, and 5 percent effective January 1, 1967, and this, gentlemen, will merely close the comparability gap; it will not overcome it.

(2) Provision for the payment of time and one-half for regularly scheduled work on Sunday.



(3) Extension of the Classification Act to include:

(a) all wage board positions in grades 1, 2, 3, and 4 except those wage board positions in construction and lithographic work.

(b) clerical employees in the Selective Service System (case studies attached are an indication of the problems Federal employees face).

Now, I state we now have Senator Brewster's bill, S. 105, and several other bills in the House, that are proposing this very thing. With reference to these case studies, gentlemen, I would like to call your particular attention to several of the statements made and I will cut them short.

One of our selective service employees writes:

Even though we are required to pass a pedestrian GS-2 test, we remain ungraded and regardless of excellent ratings or any individual efforts to do the best possible job, over and beyond the requirements in the clerk's manual, we continue ungraded. Unfortunately, the excellent rating is nonedible.

Another:

Please send an application for membership in your union, even though the \$14 is hard to get. Until January 1965, my annual salary barely reached or exceeded \$2,000 as a local board clerk with the selective service program. Who can I write to or what can I do concerning the bills presently proposed?

Another one states:

I regret it fully, but having years of experience, passed recent current examination for GS-3, but get the salary for a beginning GS-1, and I have been with the Selective Service System for 3½ years.

Another one:

I had my civil service rating before I went to work for selective service. I have never had an ingrade raise the full 6 years I have been here, with no rating whatsoever.

These are just samples, gentlemen, and I believe the members of this subcommittee have received other letters from us, exemplifying the situation in the Selective Service System today.

Certainly the selective service boards are doing an excellent and patriotic job, but I am wondering whether the subcommittee is aware of the fact that 90 percent of the work prepared for our selective service boards are done by the clerks. Many of these clerks don't even have typewriters or desks to work with and they are told, when they need assistance, to go and get some high school help.

A third Classification Act incorporation we recommend would be the county office employees of the Agricultural Stabilization and Conservation Service. This, of course, was embodied in S. 2206, testimony presented by Senator Monroney.

No. 4 of our program, establishment of uniform and equitable system for wage board administration to include longevity pay increases for wage board employees and provide for a minimum pay rate of \$1.75 per hour.

(5) Provision for the payment of all time spent in travel on official business as contained in Congressman Krebs' bill, H.R. 10298, and H.R. 10299 presented by Congressman Olsen.

(6) Repeal of the acceptable level of competence requirement before an employee can be granted a within-grade increase.

I would like to call to the particular attention of the subcommittee the fact that even though the passed bill did provide an appeal

procedure, that there is a distinction between appeals and the hearing procedure. There is no confrontation whatsoever in an appeal; the employee is not heard. A record presented by those who are the supervisors and representing the management group sends their data to the Civil Service Commission and this is the basis for the entire appeal. It is merely review.

(7) Amend the employee health benefits law to require the Government to pay 50 percent of the cost.

(8) Amend the employees life insurance law to (a) provide insurance of 150 percent of the salary, (b) reduce the rate of depreciation from 2 percent a month to 1 percent a month with a maximum depreciation of 50 percent, and (c) require the Government to pay 50 percent of the cost of the program as generally recommended by Congressman Daniels' bill, H.R. 11879.

(9) Provision for optional social security for Federal employees independent of and in addition to the retirement systems as now enjoyed by many State, county, and municipal governmental employees.

(10) Provision for transfer-of-credit arrangement with social security.

(11) Provision that employees and their survivors who do become eligible for civil service retirement benefits be guaranteed an amount from the civil service retirement system—or, if they are also eligible for social security benefits, from civil service and social security together—at least equal to the amount which would be payable if the Federal service had been covered under social security.

(12) Provision for optional retirement on full annuity be permitted beginning at age 55 after 30 years of service and at age 60 after 20 years of service. Another, 30 years regardless of age. The question of whether the Government, as employer, should be allowed to initiate the option for retirement of employees who are at GS-13 and above and are 55 years of age with 30 years of service is a separate and distinct matter and should be so treated. NFFE strongly objects to the adverse action aspect inherent in permitting agencies to effect involuntary retirements.

(13) Approval of the proposals for improving the financing of the retirement fund. It is to be realized a one-half percent increase in withholding is that much less in going-home pay, thus reducing even more the administration proposal.

Mr. Chairman, the administration's guideline increase figure; namely, a top of 3.2 percent, including fringe benefits, simply does not face up to the facts of life in the Federal service today. Pay increases alone in the private sector have gone substantially beyond that level, as they necessarily must in view of rising living costs and other factors.

As an offside, may I call attention of the committee to the fact that the Appropriations Committee unanimously approved a \$13.1 billion appropriation for the Vietnam war effort; \$2 billion of this is to be spent in the private endeavor for those who are going to prepare for the ammunitions and the type of weapons that are needed.

I would like the committee to investigate this matter, how much of that \$2 billion is going into overtime, double time, with a complete disregard of the 3.2 factor. Also, is the committee aware of the fact that today many Government employees are working on what is known as an uncommon workweek. They are being held to their 40 hours a week, working two 8-hour days and four 6-hour days, with



no extra compensation, in spite of the additional cost for their travel on the sixth day, their lunches, and the loss of their travel pools. The Federal service continues to find itself handicapped in recruiting and retaining qualified employees in many grades because of the failure to implement the comparability provision of the pay law.

In connection with the administration's guidelines, an economist has recently pointed out that they have been extensively ignored in the private sector and that the administration has been "capricious and discriminatory" in its efforts to enforce these arbitrary restrictions. Certainly the administration is in an anomalous position as it piously affirms its devotion to the comparability principle and then marshals all of its influence to defeat it in practice in legislation affecting Federal employees.

The Federal Government is the largest single employer in the Nation.

Surely it is reasonable to expect the Federal Government to show the way to the private sector in progressive measures affecting the men and women who serve it.

But we find that the contrary is the case.

The Federal Government is not a leader but a laggard follower in most aspects of employment conditions.

I direct the subcommittee's attention to the long-delayed report by the Bureau of Labor Statistics, U.S. Department of Labor, which compares the fringe benefits of Federal employees with those of non-production workers in private industry. Since this report is conceded to be out of date, but is dated December 1965, it is reasonable to assume that the disparity between Federal and private fringe benefits has widened rather than narrowed. Indeed, the only substantive advance made by the Federal Government in this period has been in the matter of severance pay, a proposal originally made by the NFFE, adopted by the President's Pay Panel, and approved by both Houses of Congress in the 1965 pay law.

Mr. Chairman, in considering pay legislation at this session of Congress it is proper, appropriate, and indeed essential to view it in the light of the facts divulged by this BLS report.

Industry expenditures for fringe benefits amount to 23.8 percent of base salaries as against 23.5 for Government. Moreover, in such key fringes as retirement and group insurance, the gap is emphasized by the fact that Federal employees pay 6½ percent toward their own retirement and two-thirds of the insurance premiums which in many businesses are paid for in their entirety by the employer. Moreover, the BLS study shows the extent of such fringes as yearend bonuses, thrift plans and the like for which, of course, there is no counterpart in the Federal service.

The BLS report makes this very pertinent point:

Under today's many-faceted systems for compensating employees, regular pay for hours actually worked is an inadequate measure of a worker's total earnings.

Mr. Chairman, that statement has great significance in connection with the whole question of pay in the Federal service, which the subcommittee now has under such active and intensive study.

We certainly believe that in any consideration of pay the matter of fringe benefits should be taken into account.

What we now are confronted with in the Federal service is a pay schedule which even the administration admits fails to meet the test of comparability.

At the same time, the BLS study provides hard-fact evidence of our often repeated contention that in fringe benefits as well, the Federal Government is lagging.

Between these two situations, namely, noncomparable pay and lagging fringe benefits, it will be seen that the plight of the Federal employee is worsening in a period of rising living costs, and the Federal Government has no claim to leadership in its role as the Nation's largest employer.

Mr. Chairman, the Federal Government is engaged in many programs which require the highest degree of competence on the part of those charged with carrying them out. It must compete with business and industry for this talent and know-how.

Mr. UDALL. Mr. Wolkomir, at this point we are in violation of the rules of the House, because it is going into session. I am unable to continue now, but I will ask you to return here at 2; we will pick up at the top of page 7 of your statement, finish your testimony, and have time for questions of the members.

The subcommittee stands adjourned until 2 this afternoon.

(Whereupon at 12 noon the subcommittee was recessed to reconvene at 2 p.m. this same day.)

#### AFTERNOON SESSION

Mr. UDALL. The subcommittee will come to order.

Mr. Wolkomir, you and your associates may proceed. I think we were on page 7 of your statement when we interrupted for the luncheon break.

Mr. WOLKOMIR. Thank you, sir. To further highlight the need for the highest degree of competence in Government, we call the committee's attention to the fact that every Sunday the major groups publish literally hundreds of large display advertisements placed by business and industry, seeking qualified employees. A reading of these advertisements is illuminating. It reveals the degree to which the Federal Government is lagging in pay and in fringe benefits. The same story is repeated in newspapers and periodicals in every major area in the Nation. The skills sought run the gamut of every discipline, every profession, every trade and technical qualification. It should be noted, too, that for some key posts, States, municipalities, and institutions of higher learning have higher pay schedules than does the Federal Government.

A 10-percent increase in Federal pay, 5 percent effective January 1, 1966, and 5 percent effective January 1, 1967, as we have recommended, would move the Government forward in this vital area and would improve its position both in recruiting and retaining employees. It would do much toward placing the Government in the position of meeting its commitment to pay salaries which are reasonably comparable with those in the private sector.

We have urged the subcommittee to include in its 1966 pay legislation provisions covering wage board employees. Although the Civil Service Commission presently is working on a plan for a uniform system of wage board administration—a step pioneered and strongly



urged by the NFFE—it is our view that this important matter should be the subject of congressional consideration and action. Thus, we urge the subcommittee to provide in this bill the legislative authority and framework for a uniform and equitable system of wage board pay administration, together with provision for longevity pay increases for wage board employees.

In this connection, Mr. Chairman, I might point out that shocking as it may seem it is true that there presently is no provision for wage board longevity increases, to reward highly skilled long-service employees.

Moreover, the NFFE has found that there are many wage board employees—certain employees of the Veterans' Administration, for example—who have had no upward pay adjustment for so long as 10 years. It is evident that this entire wage board situation needs a thorough revision. For our part, we believe it wise and prudent for the Congress to lay down some guidelines for the executive branch in this matter—including problems which the executive branch has studiously swept under the rug for too many years.

We have recommended that the first four wage board grades with certain exceptions, be transferred to the Classification Act. This would include thousands of food service employees, laundry workers, laborers, and others who are receiving substandard wages. These employees have been adversely affected by current wage board practices and have been seriously disadvantaged all through the years without benefit of decent pay increases. We are convinced that placing these first four wage board grades under the Classification Act would go a long way toward solving some of the most difficult and disheartening problems with which we are confronted.

As you are aware, wage board employees' rates are based on comparable wages paid in the private sector. Private unions have failed to secure decent wages for employees in the food service, laundry and custodial laborers occupations in the private sector and as a consequence wages for governmental employees have remained at an incredible substandard level.

As an offside, it is to be remembered under the Classification Act all wage board employees' rights are executed by the executive branch. This was a delegation by the legislative branch to the executive branch under the revision to the Classification Act. Please observe by the examples cited, the dangers that were inherent to the concept that the executive branch is dealing equitably with its employees.

The Government must establish itself as a model employer for employees in the lower grades. Their placement under the Classification Act will permit Congress an opportunity to make a periodic review in occupational areas where the executive branch has been derelict. I'm sure that this committee is aware that a large number of employees in these occupations are among the economically depressed and disadvantaged groups.

Mr. Chairman, we are urging the subcommittee to eliminate the so-called acceptable level of competence provision of the pay law.

Again, as an offside, we reemphasize the differences between appeals and hearings. Under the revision to the pay bill in the last session of Congress, the right of appeal only was granted. The reason why we are urging the subcommittee to take that action is simple and need not be labored. The fact is that the provision just doesn't work.

It cannot work, in the nature of things. It is unfair and inequitable. It makes for serious administrative difficulties. It gives rise to favoritism, dissatisfaction, and distress far out of proportion to any questionable good that it may accomplish.

Of course, the total number of increases withheld because of failure to meet the acceptable level of competence is small. The Congress recognized the basic unsoundness of this proposition when, at the last session, it provided for an appeal to the Civil Service Commission in such cases. It is significant, too, that here, as in other instances, Civil Service Commission spokesmen went to great lengths to defend an essentially untenable position. The provision should be eliminated in its entirety at this session so that the granting of regular increases may be resumed in the manner and context contemplated in the original legislation.

Mr. Chairman, on behalf of the National Federation of Federal Employees I again wish to express our thanks and appreciation for the interest shown by the members of this subcommittee on this very important issue, and for your action in scheduling these hearings early in the session. It is our earnest hope that the subcommittee will, as a result, be able to report a bill shortly and that it can receive prompt action in the full committee and on the floor.

Mr. UDALL. Thank you, Mr. Wolkomir, for an aggressive and helpful and very interesting statement. Without objection, the attachments to your statement consisting of various communications, will be made a part of the hearing record following your testimony.

Mr. WOLKOMIR. Thank you very much.

Mr. UDALL. We are honored to have with us this afternoon one of the most distinguished and diligent and able men of our committee, the gentleman from North Carolina, Mr. Henderson. I understood he wanted to comment on one of the features raised in your testimony here, a matter which has long been of interest to him.

Mr. HENDERSON. Mr. Chairman, I am very appreciative of the opportunity and I appreciate you and the witness giving me a minute or two here to speak on the recommendation that clerical employees in the Selective Service System be included under the Classification Act.

Mr. Chairman, for the record, I think we could note that for several years I have been interested in this problem. There have been several bills introduced to extend the Classification Act to these employees. And you will recall that last year when the pay bill was before the full committee I pointed out at that time that even though our committee had, I thought, been very fair and generous in providing that the pay increases contained in the various bills that had been before the committee and the Congress, provided for comparable pay increases to these employees, that by the fact that they had never been classified as Classification Act employees that their basic pay structure was completely out of all reason, and I think the problem here has been that they are such a small number of employees, comparatively speaking that they have not received the due consideration and attention that they should have had.

It is my understanding, Mr. Chairman, that this system grew up during World War II. I would point out that the State selective service employees are Classification Act employees, but when you get to the county level you will find that what was proposed—and I



would say perhaps has been followed generally—is that they be paid comparable wages with other employees at the county level.

It is my understanding that that has been interpreted by the Director of the Selective Service and by the State directors to mean comparable to other county employees, not comparable to Federal employees working in the county seats. So we would find now that agriculture workers, ASCS employees, other Federal employees, located in any county across the Nation are paid on some scale other than the scale that prevents the Selective Service employees getting fair pay for their work. I think that at this time, when our Nation is again involved in such heavy draft board work, that we can no longer in good conscience overlook the fair pay scale for these employees and nothing could be fairer than to bring them under the Classification Act; let the Civil Service Commission set their job descriptions and their level of responsibilities, and set their basic wages at what they should be, Mr. Chairman.

I think that it would be very easy for me to prepare a long detailed statement of statistics, perhaps clutter the record with it, and I am tempted to do that in an extension, if it would convince the subcommittee and the full committee this action ought to be taken. But I do not believe that that is necessary.

But I do want to commend Dr. Wolkomir for including this as a position of his on this occasion, and certainly want to urge the subcommittee to give this matter very favorable consideration even though it has not, through the past years, been recommended by the Selective Service Committee.

I must conclude, Mr. Chairman, by saying that this has been the biggest disappointment to me, that the Director of the Selective Service System has not in past years been the first one up before our committee taking this position for Selective Service employees.

Mr. UDALL. I would say if my friend cares to submit a statement of statistics, arguments, et cetera, we would be glad to have them for the record. This is an important matter; it has been raised by other witnesses.

The gentleman from North Carolina asked specific permission to appear and testify in favor of an amendment along these lines, so we arranged for him to come here this afternoon and make his position clearly known to avoid a conflict he had in his schedule next week.

Mr. HENDERSON. Thank you very much, Mr. Chairman. I might say it is a little difficult for me to understand why every Member of Congress hasn't been lobbied, we might say, by the employees from every county or from every Selective Service Board in his district. I believe they will be. But they need a broader basis; they need our consideration.

I believe that if each member of the subcommittee and our full committee would take the time to find out what is happening, paywise, to these employees, in his own local draft board, that each member's decision would be a clear one.

Mr. UDALL. I thank the gentleman.

I think this again illustrates the need for aggressive broad-scale Federal employee organizations such as yours. Many times these people in a position which Mr. Henderson described have no way of making themselves felt on the national scale, and it is only through organizations like yours, Mr. Wolkomir, that problems and inequities of this kind can be brought before the Congress in an effective manner.

I commend you for bringing this to our attention. I thank my friend from North Carolina, who has had a long record of devotion to correcting this particular inequity in the law as he sees it, for being with us today.

Mr. HENDERSON. Mr. Chairman, I think in conclusion I might say that all of us should be very fearful of an argument that could be made with regard to these Selective Service employees. They have one of the most sensitive jobs that I know has been performed in the Federal Government in the last 25 years. It is taking our boys, and getting them on buses and getting them off to induction centers. They have done a tremendous job for us, at a sacrificial pay. Even Members of Congress know that they have done a good job. We have had opportunities to appreciate their work and see their work.

A strong argument could be made that many other Federal employees are overpaid, and they ought to be cut back in line with the type of pay that these Selective Service employees have had, because of the very fine public service that they have rendered to us. This to me would be one of the most unfair arguments that could be made and I am very happy to join with you today to say that the Congress and America must demand fair pay for these employees.

Thank you, Mr. Chairman.

Mr. UDALL. Thank you.

Mr. WOLKOMIR. Mr. Chairman, we are certainly most appreciative of Congressman Henderson's remarks, and both his profound and keen analysis of the problem. I would like to inform Congressman Henderson that all 5,000 boards in the United States of America have been contacted and we have representative members throughout the entire country who have just recently joined in this endeavor in order to get them under the Classification Act. These people, you can rest assured, sir, as you suggested, will be in contact with their respective Congressmen and Senators.

Mr. UDALL. Mr. Wolkomir, how many members are in your organization? What is your total membership in NFFE?

Mr. WOLKOMIR. Total membership, including those that we speak for under exclusive recognition, runs to approximately 125,000 members. This number includes those under exclusive recognition and members at large. And this is not exploded in any way.

Mr. UDALL. Of the 125,000, how many dues-paying members do you have?

Mr. WOLKOMIR. Dues-paying members run approximately 85,000, honorably paying members.

Mr. UDALL. I was interested in page 2 of your statement. You suggest and recommend that all wage board positions 1, 2, 3, and 4 be abolished and that these people be placed under the Classification Act.

Mr. WOLKOMIR. That is right.

Mr. UDALL. If this occurred, I assume they would receive more pay in most cases than they receive now under the wage board fixed rates; is this correct?

Mr. WOLKOMIR. This is correct. It would bring them up to what we consider an equitable wage for the lower group of wage board employees.

Mr. UDALL. I am surprised to hear this, because generally satisfaction has been voiced with the wage board arrangement. It is often



compared favorably with the Classification Act provisions. Could you tell me in a few words why these people who are lower on the wage board scale do not receive as much pay as they would if they were under the Classification Act?

Mr. WOLKOMIR. I believe I emphasized the fact in the private sector unions this is the element and group for whom they have not received any decent equitable type of wage. As a result, their standards are much lower in the private sector. Therefore, when we conduct wage board surveys and try to compare it against the private sector, the mean is below what we even consider a poverty wage today. This is the reason for it.

Do you want to augment that, Mr. Geller?

Mr. GELLER. If I may, Dr. Wolkomir alluded to the fact that in the VA there are several hundred employees who have not received a pay adjustment for 10 years and I think this is a shocking thing.

Mr. UDALL. Are these laundry workers?

Mr. GELLER. They are a combination of food service workers, laundry workers, and custodial labor. Further than that, there are thousands—and I would estimate in the neighborhood of 25,000—who have received inadequate pay increases because they are compared with the wages set in the private sector. And this is a shocking but truthful statement.

Mr. UDALL. All right. Thank you.

The gentleman from New Jersey.

Mr. DANIELS. Mr. Chairman, I do not have any questions to ask the witness. I want to explain that my absence this morning from this hearing was not due to any lack of interest. It was because of the fact that we have so many committee meetings to attend and I had to attend this morning a very important executive meeting of the general Subcommittee on Labor, which is considering a very, very important piece of legislation; namely, the minimum wage bill.

Mr. UDALL. The Chair announced this morning that you had an important subcommittee hearing which was the reason for your absence.

Mr. DANIELS. I wish to apologize to Mr. Wolkomir and his associates for not having been present to listen to the testimony. I am sure that your statement was a very illuminating one. I have heard you testify in many other previous hearings. So I have no questions.

Mr. WOLKOMIR. It is most fortunate that you did come this afternoon, because we have made a recommendation for \$1.75 minimum wage.

Mr. UDALL. Mr. Krebs?

Mr. KREBS. I just want to commend Mr. Wolkomir and his organization for an informative and important statement and I hope that it will have substantial influence on the deliberations of this committee.

Mr. UDALL. Thank you, gentlemen. We appreciate your help in these hearings.

(The following communications were submitted by Mr. Wolkomir and are printed here as part of the record.)

JANUARY 26, 1966.

DEAR NFFE: I am so happy to know that you are interested in the welfare of local board clerks.

Of all Federal employees, we are the only ones that go to work before daylight for the purpose of forwarding young men for induction into the Armed Forces. I usually leave the bus station in tears after witnessing the farewells to loved ones. There is always the possibility that some crank will take a shot at you.

I have been a local board clerk for over 13 years and my take-home pay at this time is more than it has ever been—\$126.56 every 2 weeks. I am paying on my home and my car is over 9 years old.

Sure hope you can help us and if it could be made retroactive it would be wonderful (Even if it meant dipping into the antipoverty funds.)

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Mr. NATHAN T. WOLKOMIR,  
*President, National Federation of Federal Employees,*  
*Washington, D.C.*

DEAR SIR: Thank you for your letter "1966, the Selective Service Year," and its enclosed information.

I am enclosing a half year's dues (\$7) and application for membership. I am glad that finally someone is interested in helping local board clerks. I have been with Selective Service for 5½ years, having moved to this town because of my husband's health and work. I was a classified, career employee, GS-4, step 5 (clerk-steno). I started here at a salary lower than the beginning salary of a GS-1. After 5½ years I have had only one raise (because of an increase in registrants) that was not by an act of Congress. My salary now is the same as the third step of a GS-1. And this is the most responsible job I have ever had, because it involves the lives of young men. I am the one and only compensated member in this board. Thus I am delegated with the authority of managing the local board office and all the work.

The thing that makes us feel more discriminated against is the fact that clerical employees in all State headquarters are classified. The workloads imposed upon us now are terrific.

Please let me know if there is anything I can do to help in this drive to get us classified.

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JANUARY 25, 1966.

Mr. NATHAN T. WOLKOMIR,  
*President, National Federation of Federal Employees,*  
*Washington, D.C.*

DEAR MR. WOLKOMIR: Thank you for your recent letter, and the interesting information enclosed.

Obviously, I couldn't agree more emphatically with the aims of NFFE, its opinions as expressed in your third paragraph, nor support more heartedly, the goals anent SSS, as you have outlined them.

Consequently, I would indeed be most happy to join. However, the moot question, being on what? Money? In your letter you indicated the attitude of the officials toward the clerical personnel and their wages, which leaves no allocation of funds for extracurricular investments.

Even though we are required to pass a pedestrian GS-2 test, we remain ungraded, and regardless of excellent ratings, or any individual efforts to do the best possible job, over and beyond the requirements in the Clerk's Manual, we continue ungraded. Unfortunately the excellent rating is nonedible.

It is my opinion that to efficiently fulfill the duties of a local board clerk, it is helpful to be part lawyer, diplomat, guidance counselor, substitute parent, recruiter, and some public relations ability is also useful. These qualities in addition to "the paperwork" are essential.

My plans, since last May, have been to leave the Service, as soon as a few personal problems have been resolved. As an SSS clerk, I have no alternative, despite my efforts to supplement my income by selling real estate on Saturday, Sundays, and using my annual leave when I have a prospective buyer.

One of my three children has just received his degree in veterinary medicine from the University of Pennsylvania. My daughter is a senior at the College of William and Mary, and is now applying to medical schools. My younger son is a sophomore at William and Mary, majoring in physics. It is my intention that their education be completed.

No doubt I shall continue in Government service, having passed the "5 year" mark this month. My final decision as to agency and location may rest upon Cathy's acceptance into medical school. When everything is settled, I shall, if I may, complete my application and return it, as I believe membership in the NFFE would be beneficial in any agency of the Government in which I may



finally be accepted. My preferences are rather simple, a position offering a challenge, and a full schedule of work.

I apologize for consuming so much of your time, and offering so little in support, and I offer my best wishes for a total success for the personnel who elect to remain with SSS.

FEBRUARY 2, 1966.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES,  
Washington, D.C.

DEAR SIR: Please send an application for membership for your union.

Until January 1965 my annual salary barely exceeded \$2,000 as a local board clerk with the Selective Service System.

Who can I write to or what can I do concerning S. 705 by Senator Daniel Brewster, of Maryland; H.R. 2195, by Congressman O. C. Fisher, of Texas; H.R. 6978 by Congressman Clarence Long, of Maryland?

DEAR SIR: I know how wonderful NFFE is but, sir, some Selective Service personnel are so poorly paid, that they can't afford the \$14 fee. Yet we must get all work out exact and on schedule. I belonged to NFFE 20 years ago, when I was in civil service before marriage. After being left a widow I went back, was assigned to SSS and regret it fully. Have years of experience, passed recent current examination for GS-3—but get the salary for a beginner GS-1—Have been with SSS 3½ years, no raises, within grade, or otherwise. Why does Hershey permit this? It is a cheapskate agency.

I had my civil service rating before I went to work for Selective Service. I have never had an in-grade raise the full 6 years I've been there nor a raise in rating. If possible, I would like a wallet size card of GS ratings and wages.

Mr. UDALL. The next witness will be Mr. John A. McCart, operations director, Government Employees' Council, AFL-CIO.

#### STATEMENT OF JOHN A. McCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. McCART. Mr. Chairman, I am John A. McCart, operations director of the Government Employees' Council, AFL-CIO.

With your approval, I would like to have the formal statement, which we have presented to the subcommittees, included as a part of the record and to proceed to summarize it extemporaneously.

Mr. UDALL. Without objection, it is so ordered. The full statement will be made a part of the hearing record at this point.

(The statement follows:)

#### PREPARED STATEMENT OF JOHN A. McCART, GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman, the Government Employees' Council and its 30 affiliates, representing a large segment of Federal employees in the postal, classified, and wage board services, requests early action by Congress to provide equitable salary adjustments for those in the postal and classified schedules and improvements in other benefits affecting all Federal workers.

We appreciate the action of the Compensation and Retirement Committees and their chairmen, Representatives Morris K. Udall and Dominick V. Daniels, in arranging these joint hearings to secure all evidence available on the need for prompt revision of the present statutes governing pay, retirement, health benefits, life insurance, and related conditions of Federal employment.

The council is grateful to Congressmen Olsen, Daniels, Cunningham, Krebs, and Hanley, all of whom are members of the committee, for their sponsorship of

salary increase bills. Our appreciation extends also to Representatives Randall and Helstoski, who introduced similar measures. Almost all of them provide a 7-percent pay adjustment, which we believe is completely justified.

Commendation is certainly in order to the President and his assistants for their recommendations to improve pay and other conditions of Federal employment. It is encouraging to witness this constructive approach toward the advancement of conditions of these men and women as public employees. But we must honestly disagree with the specifics advanced by earlier witnesses representing the administration.

In October 1962, Congress wisely adopted the principle that thereafter the salaries of Federal classified, postal, and related occupations would be comparable with private enterprise rates. Unfortunately, this goal has proved somewhat elusive. Now, some 4 years later, these Federal employees are still searching for incomes which will make that promise a reality.

We recognize, of course, that progress has been made since the enactment of the Postal Service and Federal Employees Salary Act of 1962 toward achievement of the principle enunciated in that law. But, as a matter of fact, the basic aim of that statute has not been attained. And this despite the fact that the principal parties involved—the legislative and executive branches and the employees—all subscribe to the comparability concept.

Last year, AFL-CIO President George Meany served as a member of President Johnson's Special Panel on Federal Salaries. On April 14, 1965, he expressed general agreement with the recommendations of his colleagues on the Panel, but disagreed on several items.

One of these points involved "comparability." Mr. Meany offered these pertinent observations:

"But all we have is a concept, for as the report points out, full comparability has not been achieved. In much of Government employment, in fact, we have not even approached comparability.

"What is even worse, the majority of the Special Panel has failed to urge immediate achievement of full comparability. In my opinion, this is a grave disservice to Government employees and to the Nation."

Less than a month ago, the executive council of the AFL-CIO reiterated its support of Mr. Meany's 1965 position:

"We are concerned over the failure of the administration to propose to Congress measures to achieve full, current comparability between private industry and Federal Government salaries paid postal and other Federal workers."

We do not agree with the expression of Civil Service Commission Chairman John W. Macy on March 7, 1966, that adoption of the administration's proposals will obtain complete salary comparability for "nearly 1 million of the 1,800,000" employees involved in those recommendations. Even if the council did concur with the statement as factual, it indicates that only slightly more than one-half of the Federal workers in question have attained that goal after almost 4 years of operation of the comparability formula.

As in the past, employees are confronted with a serious problem in the pay-fixing machinery which has plagued them since the inception of the concept of a Federal pay structure reflecting changes in private industry. I refer to the lapse of time between collection of data on private sector rates by the Bureau of Labor Statistics and the translation of these figures into concrete salary recommendations by the executive branch to Congress.

Bureau of Labor Statistics Bulletin No. 1469, which reports the most recent survey of private sector salaries used as a basis to compare Federal and postal pay, was developed on findings in February-March 1965. This week, 1 year later, the Congress received administration recommendations for adjusting Federal salaries. At least some of these private industry salary rates were established in 1964. If the executive branch's suggested effective date, January 1, 1967, is accepted, employees will be paid rates prevailing almost 2 years before. And, in many instances, they will not be comparable with private industry scales even that recent.

From a technical standpoint, it is possible that the processing of salary data collected by Bureau of Labor Statistics and its assimilation by the Civil Service Commission and Budget Bureau cannot be substantially accelerated. This does not justify restricting salary movements of Federal workers to the level attained a year or two ago by employees of private concerns. Rather, it emphasizes the necessity for congressional action to provide pay for postal and classified workers reasonably current at the time of enactment. People with family responsibilities should not be required to suffer economic hardship because the



machinery for fixing their salaries cannot keep pace with current developments in the labor market.

Nor can reliance on salary levels in private firms serve as an adequate substitute for obvious facts. The Consumer Price Index for December 1965, was calculated at 111. This figure represented a record high for the third consecutive month and was 2 percent more than in December 1964. The cost of essentials, such as food and gasoline, has risen further this year. The simple fact is that it costs a Government employ more to feed, house, and clothe his family today than a year ago.

Government employees are quite conscious of the necessity for all-out support of our effort in Vietnam and the desirability of curbing any serious inflationary tendencies in the economy of our country. As public workers, they have an opportunity to contribute daily to effective Government service. The basic question, however, is whether their salaries will enable them to acquire and maintain a decent standard of living. If not, action must be taken to assure them that they will at least keep pace with the general wage trend in the private sector.

In May 1965, AFL-CIO economists announced the results of updating the Labor Department's city worker's family budget for 1959. These calculations revealed that an average worker with a wife and two children, 13 and 8 years old, required \$6,418 to purchase necessities and a few amenities. No allowances are made in this figure for savings or luxuries.

Federal employees in level 4 of the postal schedule and GS-5 of the general schedule would have to occupy step 9 of their grades before receiving this amount. Thus, a postal worker would have to be in level 4 for 12 years and his classified counterpart in GS-5 for 18 years before attaining the modest annual salary indicated in the updated city worker's budget.

Even under the schedules developed from the administration's proposal, the city worker's budget figure would only be available at step 8 and above. While a substantial number of Federal employees are assigned to higher grades than those noted above, there are even more who must earn a living in the lower grades and levels.

The average increase involved in the administration's recommendations amounts to 2.85 percent. In the light of increases in private industry salaries, productivity, the time lapse between the most recent salary survey and the present, and the rise in the cost of living, the proposals before the committee for a 7-percent salary adjustment is needed to produce current comparability.

#### ANNUAL SURVEYS

Last year, the joint report of the Civil Service Commission and Bureau of the Budget on Federal and private salary systems asserted that the Bureau of Labor Statistics would seek funds to extend its surveys to smaller communities and smaller companies with less than 250 employees.

One step in this procedure has been undertaken. BLS Bulletin No. 1469 asserts that the geographic coverage of the 1965 survey has been expanded to include nonmetropolitan counties in addition to metropolitan areas. In this survey, however, the data were tabulated so that separate presentation of the metropolitan findings could be made.

The 1965 review continued the limitation of coverage to companies employing 250 or more workers. We do not know whether the initial proposal for expanding the survey to smaller firms has been abandoned. It is the view of the council that if any change is to occur in the size of the firms surveyed, it should be in the direction of larger establishments.

More than 75 percent of the Federal employee population is concentrated in large metropolitan areas. Living and working conditions of a great majority of Federal workers are geared to an urban economy. As an employer, the United States has far more personnel than the largest private corporation. Thus, it is logical to confine the survey to larger companies.

In 1965, also, the administration requested an amendment to the 1962 Salary Reform Act authorizing expansion of the present annual survey to State and local governments and nonprofit organizations. Fortunately, Congress did not concur in this request.

At present, we understand there is pending before the Appropriations Committees requests for funds to finance a survey of salaries and related benefits in State and local governments. We certainly have no objection to BLS undertaking such an examination. But we are most apprehensive that the results of this review will be used in some manner to compare Federal salaries with those in non-Federal government jurisdictions.

Parenthetically, it should be noted that employee organizations were not consulted to any degree in the development of these proposals.

All of these occurrences could result in reducing the comparison yardstick to the detriment of postal and classified employees.

The council, consequently, heartily endorses a searching examination by this committee, either separately or jointly with the Senate Post Office and Civil Service Committee, into the annual survey methodology so that there will be a complete understanding on the part of the executive branch and the employees of the rules which will be used to make the comparison.

#### RETIREMENT

For many years, unions associated with our council have advocated the right of Federal employees—postal, classified, and wage board—to retire on full annuities after 30 years of service, regardless of age. In recent years, we have supported retirement at age 55 with 30 years of service and no reduction in pension as a step toward ultimate attainment of the first objective.

We are encouraged that the President has adopted the recommendation of his Cabinet Committee on Federal Staff Retirement Systems permitting retirement on full annuity with 30 years of service at age 55. However, we are quite apprehensive about that feature of the proposal permitting agencies to compel employees in this category to retire. Our concern is twofold.

Even if the contention of administration spokesmen that this mandatory retirement at 55 meets "a longfelt need of management officials" were valid, it ignores completely the numerous other methods of dealing equitably with employees at GS-13 and above, whom they believe are not producing as effectively as before. Reassignment to another agency or another position offers just one such possibility.

However, against this we must balance the absolute power Federal executives will wield over the decision to continue an employee or to require him to retire. At all times after reaching age 55 he will have the specter of compulsory retirement facing him. It is not at all unprecedented for agencies to use their present authority in the retirement field to penalize employees who do not conform or have personal difficulties with their superiors.

Apparently, there is to be no appeal from an unjust, compulsory retirement.

Our second concern is that adoption of the proposal with respect to GS-13 and above would be only one step in a process that would ultimately involve rank-and-file wage board, classified, and postal workers.

Thus, while the council endorses the concept of voluntary retirement at age 55 with 30 years' service and full annuity, we must object to insertion of the agency option to demand such retirement.

Acquisition of social security credit for employees with Federal service insufficient to obtain a vested right in the civil service retirement system and provision of annuity rights for employees and survivors at least equal to social security benefits are desirable improvements in the present system. We are happy to endorse them.

As in the past, the council is happy to support plans for eliminating the deficit in the civil service retirement fund and guaranteeing that it will contain at all times sufficient amounts to meet the claims of employees.

#### HEALTH BENEFITS

The council is grateful for the administration's recognition of the problem created by the real dollar decline in contributions by the Government to the health benefits program in comparison with the amount contributed by wage board, classified, postal, and other employees.

When the health benefits program was enacted, the general principle underlying cost was that the employer and employees should share this factor equally. However, under the precise terms of the law, the 50-50 relationship was applied only to the low-option indemnity plan.

Today, approximately 85 percent of Federal employees participating are covered by high-option plans. Initially, the Government's contribution to this kind of coverage was approximately 38 percent. But as the cost of this coverage has increased, the Government's share has declined to a point where it is now slightly less than 30 percent. Thus, the vast majority of the employees are bearing more than two-thirds the cost of their medical, surgical, and hospital benefits.

For this reason, the council was most pleased to learn of the administration's recommendation to restore the original relationship for sharing the cost. It



speaks well for the Federal Government in its effort to remain in the ranks of enlightened employers.

Nevertheless, our organization has maintained since its inception that the Government should improve its contribution to the program so that equal sharing of cost will be fact for all covered employees.

Time does not permit an extensive justification of our position. Let me refer simply to the Bureau of Labor Statistics study of wages and related benefits in 80 metropolitan areas for 1964-65 (Bulletin No. 1430-83). For plant workers, 58 percent of the companies provide hospitalization and surgical insurance coverage free to employees, while for office employees the figure is 46 percent.

In the light of this evidence, our recommendation for increasing the Government's share of health benefits premium to 50 percent is modest, indeed.

The Subcommittee on Retirement may desire to pursue this matter as a separate undertaking. If so, the council will be happy to testify in greater detail when such hearings are scheduled.

#### LIFE INSURANCE

Because Representative Daniels' bill (H.R. 11879) improving the Federal life insurance program has been referred to on several occasions during the course of these hearings, we feel it appropriate to comment briefly on this important phase of the Government's personnel policy.

It was disappointing to learn that the President's Cabinet Committee on Federal Staff Retirement Systems has limited its recommendations in this field to lifting to \$30,000 the maximum coverage available and authorizing the Civil Service Commission to adjust the Government's contribution to the program.

On February 16, 1966, the council endorsed H.R. 11879 in hearings before the Subcommittee on Retirement, Insurance, and Health Benefits. The factual evidence which we offered supporting the measure is readily available.

In summary, the council emphasized rising costs of education, real estate, food, and clothing in justifying additional coverage for Federal workers. We pointed to the fact that retired employees may have only \$1,300 or less for their survivors to meet final expenses under the present 2-percent monthly decline in the face value of policies after retirement. And we underscored private industry practice which has advanced far beyond the Federal Government formula for contributing only one-third the cost of life insurance premiums.

On this latter point, I refer once more to BLS Bulletin No. 1430-83 on wages and related benefits.

It reveals that for all the firms surveyed throughout the country, companies defrayed the entire cost of life insurance coverage for 61 percent of the plant workers and 53 percent of office employees.

Today, the Federal Government continues to pay less than one-third this cost.

#### MISCELLANEOUS

Several other matters affecting pay deserve the attention of the subcommittees. We will deal with them briefly.

Many of the salary increase bills under consideration here contain provisions for overtime compensation to substitute postal employees after 8 hours' work in a day. As a matter of equity, as well as conformity to a growing practice among private firms, the council feels this proposal is meritorious. In addition, it may add an incentive to establish more permanent career positions in the postal service. This is a desirable objective in any public merit system. It assures management of a stable work force, and provides greater career opportunities for workers.

The council supports additional compensation for weekend and holiday work as outlined in these measures.

We favor also the features of these bills removing the salary inequities which developed from the enactment of Public Law 68, 84th Congress, some of which were carried over into the 1962 and 1964 salary increase statutes. The language eliminating these undesirable salary relationships is commonly known as the Dulski amendment.

The assurance of the chairman that the Compensation Subcommittee will inquire into the application in the Post Office Department of the uniform allowance increase approved by Congress last year is welcome. Certainly the action of the House and Senate last year raising the maximum allowance to \$125 was in recognition of the increased costs encountered by Federal workers in supplying the uniforms they are required to wear. Federal agencies involved, including the Post Office Department, should accept this positive action by the legislative

branch without compelling employees to bargain the matter under the terms of Executive Order 10988.

In January of this year, the council urged the Compensation Subcommittee to act favorably on bills authorizing overtime compensation for classified, postal and wage board employees who are required to travel on official business outside their normal working hours. I refer to H.R. 10298 and H.R. 10299. We repeat our support of this proposal and urge early action on the legislation.

In enacting Public Law 89-301 last year, Congress provided additional pay amounting to 125 percent of base salary for postal employees required to work on Sunday. The council supported this feature of the legislation before enactment, and we suggest now that it be extended to other groups of Federal classified and wage board employees in the interest of uniform benefits for all Federal employees.

Under existing law, regular time-and-one-half overtime payments to Federal classified workers terminates at the minimum rate for GS-9. Above that level, the overtime rate declines so that in the ninth step of GS-11 or the fourth step of GS-12 the employee receives less than his straight time earnings for working beyond the normal 40-hour span. We believe the overtime provisions should be amended to provide true overtime through grade 11. In no case should an individual receive less for overtime work than for regular hours.

While it has been necessary to prepare a comprehensive statement on the legislative items involved in this hearing, their importance required a careful statement of our position on them.

The President and his associates can take pride in their efforts to maintain the Federal service in a favorable relationship to advances in salaries and related benefits in the private sector. Unfortunately, in our view, the proposals do not meet this objective.

The changes we have proposed on these important matters will do much more to achieve comparability for Federal employees—postal, classified, and wage board.

We are deeply grateful to you and your colleagues for your careful, patient consideration of these proposals, which mean so much to all Federal employees and their families.

Mr. UDALL. You may proceed.

Mr. McCART. At this point, Mr. Chairman, let me express our appreciation to you and to the chairman of the Committee on Retirement, Insurance, and Health Benefits, and to the members for arranging these hearings and to the numerous Members of the House and the members who have introduced legislation on salary and related benefits. I should like to express our appreciation to the President and his associates also, for making constructive recommendations to improve the position of the Federal employees, postal, classified, and wage board, not only on pay, but other matters.

However, we must disagree with the specifics of the administration's recommendations. The Congress wisely fixed comparability with respect to pay of postal and classified employees in October 1962. Since that time, the yardstick of comparability has been enunciated by various administration officials for other areas of personnel management. Unfortunately this goal has proved to be quite elusive for Federal employees, particularly with respect to salaries.

You will remember that last year, President Meany of AFL-CIO, served as a member of the Folsom committee, the Special Panel on Federal Salaries. On April 14, 1965, he expressed his general agreement with the findings of his committee colleagues, but expressed exceptions, one of which I would like to quote to you briefly. He talked about comparability and then said this:

But all we have is a concept, for, as the report points out, full comparability has not been achieved. In much of Government employment, in fact, we have not even approached comparability. What is even worse, the majority of the special panel have failed to urge immediate achievement of full comparability. In my opinion, this is a grave disservice to Government employees and to the Nation.



Just last month, the AFL-CIO Executive Council reaffirmed this position expressed by President Meany a year ago. What President Meany said a year ago applies with equal, if not greater, force today.

During the testimony of the Chairman of the Civil Service Commission on March 7, before this subcommittee, he asserted that adoption of the administration's pay proposals would result in achieving comparability for nearly 1 million out of 1,800,000 employees involved.

We disagree with that statement, but even if we were to agree, it does not speak well for the achievement of comparability when approximately one-half of the postal and classified and related workers involved have not attained that status after a lapse of almost 4 years.

One of the other problems that has plagued the salary fixing machinery in question has been the lapse of time between the collection of salary data from private industry and its translation into pay schedules in the Federal Government.

It isn't necessary for me to elaborate on this to a great extent, because it has been talked about ever since the comparability concept was adopted. It is possible that not much more can be done about greasing the machinery further, so that the process of bringing these recommendations to Congress will be speeded.

More than a year has elapsed now since the last survey was conducted by the Bureau of Labor Statistics. We maintain that employees who have family responsibilities should not be victims of the inability of the machinery to catch up with the progress that is made in the labor market. If it becomes a question of not being able to resolve the problem of the time lapse between the collection of data and the application of that data, we think the Congress is well advised to move ahead and on the basis of the evidence that can be adduced, to make its own judgment about what current comparability should be.

We now have salary recommendations to take effect in January 1967. What this will mean, is that hundreds of thousands of Federal employees' rates of pay will be 2 years behind what they should be. It is for this reason that we heartily recommend that any pay action taken by the Congress be made effective March 1, 1966.

The Consumer's Price Index for December 1965 was fixed by the Bureau of Labor Statistics at 111. This indicates the highest point that had been achieved in the Consumer's Price Index continuously over a 3-month period, and was 2 percent more than in December 1964. Today, it costs Federal employees at least 2 percent more to feed, clothe and house their families than it did in December of 1964.

We, of course, Mr. Chairman, are quite conscious of the needs of our Nation as a whole, in meeting the military commitments in southeast Asia. As wage earners, we are conscious of the possible impact of inflation. Nevertheless, we have the problem of the inability of Federal employees to maintain a decent standard of living. This, I think, is what is involved in the case before you.

In May of 1965, the AFL-CIO updated the Bureau of Labor Statistics city workers family budget, which was established originally in 1959. For a family with husband, wife, two children, 13 and 8 years of age, this city family worker's budget reveals that approximately \$6,418 would be required to maintain a decent standard of living with no allowances for savings or luxuries.

If we examine the Classification Act schedule and the postal field service schedule, we find that, at levels 4 and GS-5, the employee would have to occupy step 9 to achieve in excess of \$6,418. Or, put another way, the level 4 employee in the postal service would have to have 12 years in that service and the classified employee, GS-5, would have to have 18 years in that service before attaining this city worker's family budget figure.

Even if the administration proposals were to be adopted, that figure would be advanced by only one step. In other words, they would achieve the \$6,418 level at step 8, rather than step 9.

I would like to mention a point or two relative to the annual salary surveys. The area of survey was expanded last year to include some nonmetropolitan communities, surrounding metropolitan areas. And at one time, last year, there was a proposal to expand the coverage of firms to less than 250 employees. At the present time, firms are not surveyed if they have more than 250 workers.

Mr. OLSEN. You mean less than?

Mr. McCART. You are correct, I am sorry, less than 250 workers. We think this is entirely the wrong direction. If anything, the firms should be confined to those with larger employment and the area of survey should be conducted only in the largest cities, because this truly represents the Federal population. Seventy-five percent or more of the employees in Federal service are concentrated in urban areas. Their personal economies are geared to urban economies. So we think it is a mistake to expand the survey beyond the large metropolitan centers and to smaller companies.

In addition, there is one other matter that was brought to the attention of the committee last year. There was an administration recommendation to include State and local governments and non-profit organizations in the survey universe. The Congress rejected that proposal.

We understand, however, that at the present time, there are pending before the House and Senate Appropriations Committees requests for funds to conduct salary surveys of State and local governments and to this we have no objection. We are deeply concerned, however, that this will be related in some fashion in the future to the survey of private industry salaries for Federal employees. And so, Mr. Chairman, we heartily endorse the comments you made last week about the desire of the subcommittee to examine very carefully the techniques and methodology used by the Bureau of Labor Statistics in conducting the annual salary surveys.

With respect to retirement, Mr. Chairman, as you are undoubtedly aware, our organizations have advocated full retirement after 30 years of service, regardless of age, for many years. In recent years, we have accepted the concept of retirement at age 55 after 30 years of service on full annuity. This is a step toward the goal of 30-year retirement, regardless of age. However, we are much concerned about the proposal to permit management to exercise the option to retire employees at GS-13 and equivalent after age 55 with 30 years of service, regardless of the desires of the employee.

We are concerned for two basic reasons: First, because this will permit executive branch officials to exercise a decision that does not fairly consider the needs of employees. And even if it is true that there are a few employees at GS-13 and above who may not be able to



produce as effectively as they did earlier, there are many other avenues available to Federal management to take care of this problem.

But even more important, this may very well be the first step toward reducing the level at which management will exercise the option to retire employees below GS-13, and next year we may be confronted with a proposal for GS-11 and equivalent, and the next year, a proposal for GS-9 and equivalent.

In addition, we find no recommendation for an appeal for any employee affected by this provision who feels that he has been treated unjustly.

As for health benefits, Mr. Chairman, we again applaud the administration for its recommendation to at least restore the level of contribution by the Federal Government to the 38 percent which prevailed for the high option when the program was originally enacted.

Since the enactment of the health benefits program we have advocated consistently that the Government and employees share the cost equally. We have had an opportunity to testify before subcommittees of this full committee on this point, so it is unnecessary to reiterate the arguments that we have offered.

Let me simply allude to a study made by the Bureau of Labor Statistics of 80 metropolitan areas on the subject of wages and related benefits for 1964-65, Bulletin No. 1430-83. This document discloses that for plant workers throughout the country, 58 percent of the companies surveyed provide hospitalization and surgical insurance coverage free to employees and for the white-collar group, that figure is 46 percent.

We feel, therefore, that our proposal for an equal sharing of the cost by Government and employees is modest.

On several occasions during these hearings allusion has been made to the work of the Retirement, Life Insurance, and Health Benefits Subcommittee and the bill introduced by its chairman, Congressman Daniels.

We appeared before that committee and heartily endorsed Congressman Daniels' H.R. 11879. I will not repeat the testimony that we offered there, because the record is available. Suffice it to say that the same study that I just referred to a moment ago, Bureau of Labor Statistics Bulletin 1430-83 reveals that in the area of life insurance, companies defrayed the entire cost for 61 percent of the plant workers, and for 53 percent of office employees. In that context the provisions of H.R. 11879 are modest, indeed.

The Government Employees' Council, Mr. Chairman, supports the proposals of our member organizations for overtime pay for postal substitute employees after 8 hours a day and for classified employees on the same basis.

We commend the chairman of the subcommittee for his assurance that steps will be taken to make truly effective last year's action increasing the uniform allowance. There should be no need for employee organizations to have to negotiate with their departments a decision that has already been made by Congress.

We likewise have appeared before your subcommittee, Congressman Udall, in favor of improving the travel allowance provisions for employees required to work beyond the normal tour of duty in a travel status. And we have recommended that these provisions be

applicable to wage board and postal employees as well as the classified employees covered by the legislation.

Finally, Mr. Chairman, the Government Employees' Council suggests that the Sunday differential enacted by Congress last year for postal employees, which we heartily endorsed, be now extended to the other employees of the Federal Government in the interest of uniformity of personnel treatment.

While the statement that we have offered for the record, Mr. Chairman, is somewhat lengthy, I think it was dictated by two basic considerations. First, because the proposals of the administration are comprehensive, and secondly, there is at stake the ability of employees to maintain their families in a normal American way of life, and the necessity for permitting them to share fully in the social and economic progress our country has attained.

I appreciate very much, Mr. Chairman, you and your colleagues taking the time, and arranging for me to appear out of order.

Mr. UDALL. As always you have been very helpful, Mr. McCart. I know of no witness who regularly appears before the subcommittees who is better prepared or has more informative information to submit, and I thank you for another helpful appearance here.

Frequently in these hearings we have alluded to the lag, and you touched upon it again. Here is a base period of last March 1965, and the administration proposes the adjustments made necessary by facts existing on that date be put into effect in January 1967, which is 21 or 22 months later. This is something that has troubled me, but we are going to have to live with it, unless we correct it in one of two ways. One way would be through an automatic or semiautomatic system of the kind I proposed last year.

In fact, if the Senate had passed the House bill, the bill I offered last year, as of October 1, nearly 6 months ago, these adjustments would have put into effect: a 3 percent comparability cost of living adjustment, plus half the remaining lag in every level. The employees would have been receiving those adjustments for the past 6 months and they would have had probably twice what they will get from the administration's proposal, if it is enacted.

There wasn't too much enthusiasm for this semiautomatic or automatic method of operation, but I hope some day the Congress will come to it.

The second way we can do it is to simply shoot in the dark. This machinery of hearings, arguments, testimony, markup, fighting with the Rules Committee, debate, resolving differences between the two legislative bodies, just takes time.

The calendar happens to be such that you can't have the final product before October or November, and Congress is generally not in session and geared to act or begin to act, until March, which is 6 months lost right there.

The only other thing we can do, if we are going to follow the tradition of legislating each year on this subject, is simply for Congress to estimate the increase in productivity, the guidelines, the comparability figures, and legislate on what we guess the complete October-November survey will show.

This is objectionable on several grounds, but if we are ever to beat this lag, in the judgment of this member, we will have to proceed in one of those ways.



Mr. McCART. I think there is one other possibility to which you might want to give consideration, and I rather suspect this would have much to do with accelerating the receipt by Congress of the recommendations on the BLS surveys. That would be once to make the pay increases retroactive to the base date of the BLS survey.

Mr. UDALL. You have put your finger on a third way to handle the situation, recognizing, of course, that each of these methods has defects. The obvious difficulty there is that there are a number of administrative problems connected with retroactive pay and there has always been considerable resistance to provisions of this kind.

The gentleman from Montana?

Mr. OLSEN. Thank you, Mr. Chairman.

I suppose you are tired of alternatives, Mr. Chairman, but I would voice another one. And that would be that we get the Senate, the Senate committee to join with us and have some kind of joint action, because without placing any blame on anybody in the other body there seems to be a lack of cooperation simply because of the time element.

The other body gets after these pay bills very late in the session and in a hurry; they have other matters and there is only so much the human mind can handle, so the pay legislation has taken a back seat over there.

I happen to subscribe to the views of our chairman that we have some kind of automatic increases. Our only differences have been just how automatic. We would depend upon the executive department, and this particular package they have sent us this session just increases my anxiety and my resistance concerning executive authority.

Mr. McCART. I think your suggestion, Congressman Olsen, about some kind of joint action has considerable merit. Within the past week or so subcommittees of the House and Senate Labor Committees have been meeting jointly conducting hearings on the U.S. Employment Service.

This is not a formal joint committee, but they have agreed to hold these hearings together to expedite congressional consideration of the subject.

Mr. OLSEN. I think joint hearings on the question of the facts would put us all ahead. I don't know we should meet jointly on what we are going to do. But I wouldn't think that your testimony before the Senate committee would be much different than it is before this committee, and that we could at this stage be having joint hearings with the Senate committee, and gathering the information from all of you people, and the public in general.

And then we could resort to our own separate action, if that is what we choose to do.

Mr. UDALL. Would the gentleman yield?

Mr. OLSEN. I yield.

Mr. UDALL. This is a very constructive suggestion, one I have advocated to some of the members of the Joint Committee on the Organization of Congress. It is a foolish waste of time and money of the taxpayers to pay twice for two hearings, when you are plowing the same field.

In other areas they do it four times. If you are head of a department, you testify before two legislative committees, one in the House

and one in the Senate, and then you plow the same field again before two appropriations committees.

This is an area here where time of the Members could be saved, the money of the taxpayers could be saved, and a better job would be done all of the way around.

Mr. OLSEN. Yes.

Mr. DANIELS. It also aids to a better understanding by all of the members of the committees of the testimony given by all of the witnesses. Sometimes the witness may appear before this committee and due to circumstances beyond his control may not be able to express his views before the other body.

However, they do have the record, but oftentimes because of the manifold duties that we find ourselves involved in, we do not find the time to carefully study the recommendations made by the witnesses, either before this committee or the other committee.

Mr. OLSEN. Thank you, Mr. Daniels.

One other thing, Mr. McCart, I want to join you in your statement concerning a resistance to incorporating into our Bureau of Labor Statistics surveys the State and local government surveys of wages, into the formula that we are discussing from time to time about comparability. The Bureau of Labor Statistics, at least under Mr. Ewan Clague, former Commissioner of Labor Statistics, didn't want to determine comparability. He wanted to report the facts.

I certainly don't mind having the facts on what State and local salaries are, in State and local government. I don't mind. I think we ought to have the facts. But I don't want them averaged into what the salaries are in private industry, because I think State and local governments lag so terribly far behind that we would actually be destroying what is a reasonably good level of standards in the Federal Government.

Mr. MCCART. Mr. Olsen, the net effect as I see it of these three changes: Reducing the number of employees in the firms to be surveyed; expanding the survey outside of the metropolitan areas; and relating the salaries in the non-Federal governmental sector and non-profit organizations will just result in making a smaller yardstick of comparison and we do not feel that was the intention of Congress.

I might add, just in passing, to the best of my knowledge, our organizations were not consulted about these proposed changes.

Mr. OLSEN. In the Post Office Department we have a universal kind of wage in our several classifications, because we recognize that there is a universal responsibility among employees of the Post Office Department, and were we to pay them a short standard out in the rural areas, the small towns and rural areas, we would find we have a shorter kind of responsibility there.

I believe in a high standard. And I think that some of these hearings should point toward a higher standard for Federal pay, so that Federal establishment would command a high standard of leadership in this country.

Now I think this is a real responsibility on our part and I know the chairman shares this.

Mr. UDALL. Yes.

Mr. OLSEN. We have to point to higher standards in the Federal service, so we guarantee a really high standard of leadership.

Now the other thing is, I would like your comment on this business of having such a class as temporary employees, or substitute em-



ployees. Don't you think we ought to erase that kind of standard and have a probationary period for employees, and once that is served, then they are permanent employees?

Mr. McCART. Mr. Olsen, I fully subscribe to reducing to the irreducible minimum the retention of temporary employees on the Federal payroll, because of my view this is contrary to the merit concept.

The idea of the merit system is to develop a stable work force, a career work force. There have been instances where both in the postal and nonpostal agencies, where employees have served for 10, 12, or 15 years as temporary employees. I don't think this is justifiable on any score.

I think the movement should be to reduce this number so you finally arrive at a group of permanent career employees, and the temporary employees are just a tiny fragment of the work force.

Mr. OLSEN. There would be a short probationary period, a number of hours, in a given year, and then he is a permanent status employee.

Mr. McCART. Yes.

Mr. OLSEN. Thank you, Mr. Chairman.

Mr. UDALL. Mr. Daniels.

Mr. DANIELS. I want to commend the gentleman for his testimony here today. I wholeheartedly agree with the views you have expressed and also the views expressed by the chairman of the committee conducting these hearings, and Mr. Olsen.

All of us present here this afternoon introduced bills to increase the salary of Federal employees, I believe at least an increase of 7 percent. I do wish to comment that in 1962, when the hearings were held on pay legislation, that both Commissioner Macy and Mr. Staats of the Bureau of the Budget appeared before the committee and strongly recommended the principle of comparability.

This was a proposal of the Kennedy administration. It was strongly recommended to the Congress. No conditions were imposed on that principle of comparability. But it seems that since that time the administration has come forward through its representative, Mr. Macy, and has recommended two different changes.

Last year he made one recommendation and more recently he comes in with the guideline principle. So I feel this committee should in the near future turn around and conduct hearings and try to establish a definite formula upon which we should base these increases in pay, particularly when we are in an inflationary era, the cost of living is going up, we need something to assist the Federal employees so they will fit into the pattern and be able to get the benefits that are being obtained by people in the private sector of our economy.

So much for the salary increase.

But inasmuch as I'm the Chairman of the Subcommittee on Insurance, Retirement, and Health Benefits, I listened with great care to recommendations you made with respect to voluntary retirement at 30 years of service, upon attaining the age of 55. You disagreed with the recommendation made by Mr. Macy of involuntary separation by the agencies in levels 13 and higher.

Your third proposal stated that no appeal at procedure was provided.

Would you care to elaborate on that statement and tell this committee specifically what you have in mind, what you think should be done in order to protect the rights of these employees in GS-13 and above?

Mr. McCART. Yes, sir.

Mr. DANIELS. Would you care to recommend a procedure?

Mr. McCART. Congressman Daniels, I think that it would be well for me to reemphasize that we don't feel that the options should be exercised by the agencies at all, that it should remain at the discretion of the employee.

Mr. OLSEN. Could I interrupt there? Would the gentleman yield a moment?

Mr. DANIELS. I yield.

Mr. OLSEN. I would like to say in previous hearings Mr. Udall and I at least expressed ourselves that in the executive branch there ought to be room for a department head to retain many of the most cooperative people he could in his program.

In this field now, when they are 55 years of age and have 30 years of employment, I want you to know there is at least that sentiment, of Mr. Udall and myself, in favor of the administration proposal.

I am very grateful to Mr. Daniels for bringing up the subject with you, what kind of review you would have of that situation, because maybe Udall and I will prevail. We don't know of course. But we would like to know what kind of review you would like in case we prevailed.

Mr. DANIELS. Before Mr. McCart replies, I might say this, that an employee who finds himself in this position of voluntarily retiring perhaps feels that he is capable of fully and effectively discharging his duties and would like to continue on for a few more years, there might be some personal obligations—he may want to discharge the mortgage on his home, maybe he has a child in college and he would like to continue in the Federal service for a few more years, until those obligations are discharged, but on the other hand, his immediate supervisor may not like the fact that he has colored his hair or——

Mr. OLSEN. Well, he may not be as aggressive as the new supervisor would like him to be in the program.

Mr. DANIELS. I have given this particular question a great deal of study since it was brought up by Mr. Macy when he originally appeared before this committee and opened up the hearings on this subject matter.

I was rather impressed by him and also by Mr. Murphy, who immediately followed him. But since, having studied the question, I think that we should afford a person who has given 30 years of his life to dedicated service to the Government, who has endeavored to improve the service of the Government so that the Government has had all of these advantages, he should not be discharged so lightly, even though he is slowing down a little bit.

So I'm interested in the proposal of the appellant review which you mentioned.

Mr. McCART. To follow my initial comment about our being opposed to the grant of this authority at all, if the Congress decides that such authority is desirable, we feel it should be confined to the supergrades, grades 16, 17, and 18. In any case, we think that employees should be entitled to an appeal at least to the extent that



other employees in the Federal service are now entitled to appeal disability retirement actions.

An individual who is affected by a disability retirement requested by an agency can appeal to the Civil Service Commission. So there should be at least that kind of appeal granted to any employees who would be covered by such a provision, if the Congress thinks it wise to enact it in the first place.

Mr. DANIELS. Mr. McCart, I would appreciate it then if you would do a little more homework and submit to me an amendment along that line.

Mr. McCART. I would be happy to.

Mr. OLSEN. I would like to hear from you, too, because I really think we all want to be fair about this sort of thing and we want to implement the desires of the executive department to have the most eager people in leadership. But, by the same token, we want to be, as Mr. Daniels says, we want to be very fair with this 30-year employee. He is entitled to real careful consideration.

Thank you very much.

Mr. McCART. If I may make a final comment, Mr. Olsen, if an individual has devoted 30 years of his life to the Federal service, and attains age 55, and he is not producing as effectively or is not as co-operative as he was 20 or 25 years ago, there are ample means of taking care of this individual on a disciplinary basis.

But secondly, there should be some way of reassigning that person so that he is not in the same environment that he was before. It just seems a shame to me that an individual would be constantly faced with the specter of compulsory retirement after he has given 30 years of his working life to the Federal Government.

Mr. DANIELS. I think my time is almost up, Mr. Chairman. I would beg your indulgence for one further question.

I note, Mr. McCart, that you passed upon the question also of the Government's contribution toward the health benefits insurance. The administration recommends an increase to 38 percent which was the average when this law was originally enacted, in a two-step process.

I do know that you appeared before my subcommittee and testified on 50 percent. But inasmuch as the administration sends this package down here, of wage increases and fringe benefits, would you go along on the recommendation of the administration of an additional 10-percent increase, bringing their contribution up to 38 percent instead of 50 percent at the present time?

Mr. McCART. I think, Mr. Daniels, that wisdom requires I say if it is not possible to attain the equal sharing of cost immediately, we would certainly be grateful for any action that Congress takes in this direction. It will be a step forward.

Mr. DANIELS. Thank you.

Mr. UDALL. The gentleman from Louisiana is recognized for 10 minutes and he yields to the gentleman from Montana.

Mr. OLSEN. I simply want to say that was a very admirable response by you, that we want to make progress in this direction. And the sooner we tend to catch up with private employers on sharing this cost, the better we will be able to compete to get the best kind of—which we have always been doing, by the way—we want to continue

getting the best kind of employees, so we have to proceed in this direction.

Thank you very much, Mr. McCart.

Mr. MORRISON. Mr. McCart, first of all I want to take this opportunity to commend you today, as I often have in the past, for your excellent presentation. You have always been most adept at giving this committee valuable testimony throughout the years I have been privileged to sit on the committee.

I believe that you favor the President's proposal for salary and fringe benefit legislation, but feel that it does not go far enough. Is that correct?

Mr. McCART. That is correct.

Mr. MORRISON. I heard Mr. Wolkomir testify earlier today. He made several statements to the effect that this administration did not go far enough and that this administration does not recommend a high enough pay raise. I do not say this to imply that a pay increase is necessarily one way under one administration and a different way under another. However, such an inference arose from Mr. Wolkomir's statements. I do think that on many occasions both Democrats and Republicans have voted for pay increases and both Democrats and Republicans have voted against them. But since the statement was made by a previous witness that this administration was not taking into consideration many things, I think the reasonable inference is that perhaps another administration, a previous administration, was thought to have taken into consideration more things.

I would like to point out that during the 8 years of the Eisenhower administration there were three vetoes of Federal employees' salary bills. Two of the vetoed bills never passed, while the third was enacted by the Congress over President Eisenhower's veto. The aggregate of pay raises granted during those 8 years was 26.1 percent, or an average of approximately 3.2 percent a year.

Now, the salary increases for Federal employees during the administrations of Presidents Kennedy and Johnson, including the 3.2 percent package recommended by President Johnson which is now before us, in the aggregate amount to 24.1 percent, which would be slightly less than an average of 5 percent per year for 5 years. So we have a yearly average of 3.2 percent in pay raises for the 8 years of the previous administration under President Eisenhower, compared to a yearly average of approximately 5 percent in such pay raises for the 5½ years ending June 30, 1966, under the administrations of President Kennedy and President Johnson. I think it is reasonably certain that the current pay and fringe benefits measure will be enacted into law before June 30.

It should be pointed out, also, that since President Johnson has made this comprehensive recommendation, leaders of great Federal employee organizations who have testified in these hearings have stated that they are in accord with the President's position, even though they honestly and sincerely believe the benefits should be greater, because of the emergencies confronting the Nation—and particularly the war in Vietnam—both abroad and on the homefront.

The previous witness to whom I referred earlier said or clearly implied that this administration does not take into account cost of



living increases and certain other factors. The natural inference to be taken from such a statement is that the Federal employee and his interests are being overlooked or ignored by this administration, as compared with consideration given those interests by other administrations. Let us look back over the record of recent years and note just how the Federal employee was or was not overlooked.

I happened to be the author of a rather substantial Federal employee pay raise bill in 1963. Due to the tragic assassination of former President Kennedy and other circumstances beyond the control of this committee and the Congress, action on the bill was delayed in the latter part of 1963 and, when it was brought out of committee, it was not enacted into law.

During the 23 years I have been a Member of the Congress I cannot recall a bill failing of passage and then being brought back and enacted on the same day in the same term of the Congress. Frankly, I thought, when my bill was defeated, it might go the way of all other bills that had been defeated in the past and be dead for the then current session, at least. I said then, in these words—and I think they are appropriate today—that it was not a question of keeping lifeblood in a dying bill, it was a question of a bill that had been defeated and killed and buried so deep that, in my humble opinion, there was but one man in the world who could resurrect it. That man did resurrect my bill; he was and is President Lyndon B. Johnson, through whose personal interest and intervention my bill did become law.

The President of the United States certainly did not have to do what he did at that time. In my judgment, he took a calculated risk for all Federal employees—a risk that maybe other Presidents would not have taken. He could just as well have taken the position that the Congress had acted, and that all parties concerned would have to wait until the next session of Congress and come up with another recommendation. But he did act, and I think he was motivated primarily, in taking the calculated risk to his prestige had he not been successful, by his conviction as to the needs and responsibilities of Federal employees and the personal feeling of real warmth he holds for them. Knowing that they lagged behind proper levels in their pay scales, he was willing to take the risk and did take the risk. It is a great tribute to President Johnson that he was successful and the bill became law. He could very well have left the bill alone completely. There is no precedent or policy established by any previous administration with respect to any obligation on the part of a President to support a Federal employees' pay recommendation every year.

I recall that, under an earlier administration, there was no pay raise, and no Presidential recommendation for one, in 1953 or 1954. In 1955 the administration submitted a proposal to radically revamp the postal pay system and a companion proposal to adjust classified salaries. According to the best of my recollection, the average increase for most of the employees would have been between 4 and 4.5 percent.

When our committee bill came before the Congress in 1955, it was enacted to provide an 8.9-percent increase but was vetoed. Thereafter, a bill providing only 8.1 percent was enacted into law.

In 1957 my bill, H.R. 2474, to provide substantial and justified salary adjustments to keep pace with the economy was enacted by the Congress but was pocket vetoed by the President in September.

In 1960, our committee developed, and the Congress enacted, another pay bill and President Eisenhower vetoed it, but this time the Congress had time to act again and overrode the veto.

I think that by comparison of the administration in office from 1953 through 1960 and the administrations in office beginning in 1961 actions speak far louder than some words of some witnesses. This does not apply to you, of course, Mr. McCart. It applies to the former witness who implied, in his statement, that "this administration does not want to face up to it," and that "this administration does not want to do this," and that "this administration does not want to do the things that are required and necessary." During the whole time of the Eisenhower administration I do not think we had anything quite so serious as our Vietnam situation is today.

Incidentally, the Vietnam situation really began with a commitment by that previous administration and the commitment has been carried on by President Kennedy and President Lyndon B. Johnson as a commitment made by a previous administration.

Therefore, I think it certainly behooves us to take all of these matters of record into account in our deliberations on President Johnson's message now before us. When we realize that the average yearly Federal salary increases under an administration in office 8 years amounted to only 3.2 percent, compared to an average which will, with the pending legislation enacted, amount to almost 2 percent more per year, I think it is a fair conclusion that "this administration," and the immediately preceding one have taken all material factors into consideration. Certainly, no President could ignore, in his approach to Federal salary legislation, the urgent demands of the war in Vietnam, the needs of our fighting men there, and the threat of inflation which, if unchecked, could imperil the successful conclusion of that conflict. It is relatively easy and simple to sit here, either in committee or as a witness or in writing a press column, and utter harsh words. In the final analysis, actions speak much louder than words. The actions over the years which I have summarized can well speak for themselves.

With respect to some of the pay raises that were achieved in the past, if people were sincere in what they told me—and I take nothing away from supporters of pay raises over the years on this committee and in the Congress—if it had not been for perhaps the extra effort I put forth there might not have been pay raises in those years. In almost every case it was touch and go between success and failure right up to the last moment.

This does not apply only to my efforts. It applies to a great many members on the committee and in the Congress, because I have seen a pay raise reported by our committee on a margin of a single vote. Had there been a tie vote or just one vote the other way there would not have been a pay raise bill.

I remember one situation in which I was roundly criticized by a Postmaster General. I asked for a pay raise bill of 26 percent, and was very sincere and in deadly earnest in introducing that bill. I did this because I realized that the Postmaster General and others were bitterly opposed to any kind of a pay raise, and I knew I would have to provide room for reasonable compromise. In other words, that was my asking price, but I recognized the probable need to settle for something else in honest compromise. I was branded as an inhuman person guilty of a cruel hoax, from coast to coast.



When that same Postmaster General, who had accused me of a hoax, testified before the committee I asked him if he was in favor of a pay raise. He replied that he was but not a hoax like my bill at 26 percent. So I said, well let's start out at 10 percent which is a whole lot less than the 26 percent in my bill. I said are you for a 10-percent bill. He said "No." I said are you for a 9-percent pay raise. He said "No." I said are you for an 8-percent raise, and he said "No." I said are you for a 7-percent raise, and he said "No." I said are you for a 6-percent raise, and he said "No." I said are you for a 5-percent raise, and he said "No." I said are you for a 4-percent raise, and he said "No." I said are you for a 3-percent raise, and he said "No." I said are you for a 2-percent raise—now wait a minute or two if you want to think about it—and he said "No." Then I said surely you told this committee you are for a pay raise. Are you for a 1-percent raise, and he said "No."

So I said, then, you are not for a pay raise after all, are you? So maybe my "cruel hoax" does not look too bad after all. Then another committee member observed that the Postmaster General, before he came to Washington, was in the new car business and the used car business, and asked the Postmaster General if, when he put those used cars out on the parking lot with high prices on them, the prices were his asking price or his taking price. The Postmaster General said there was a difference. And it proved out that way.

And so, before we go to criticizing those who are trying to help us, I think it behooves all of us to apply a formula of reasonableness in recognition of what we face here. All of us would like to see a much more liberal bill, a bill that would give Federal employees greater pay raises and fringe benefits. I certainly think you have demonstrated a wonderful example of your wisdom and reasonableness in saying that, even though the benefits should be higher, under the circumstances you understand that prudence is the better part of valor. We all hope that needed improvements can be made in the near future, but respect the overruling need to wait for another day and more favorable circumstances. I assure you—and I think I speak for many of my colleagues—that on that new day we can all pitch in to develop and enact pay raises and fringe benefits for Federal employees that are truly comparable to those enjoyed in the private sector.

I remember that the Cordiner report indicated that Federal employees were as much as 20 percent or more behind comparable levels in private enterprise. The measure before us will not bring current comparability. The principle of comparability can be argued pro and con for almost limitless time. But under the circumstances, with the war in Vietnam, the need for the homefront to rally behind our fighting men, and the very real danger if inflation comes, I feel that this measure is as much as we can expect to have enacted and certainly is better than none at all. In my judgment, we should all feel grateful and fortunate that the President of the United States has recommended a comprehensive improvement in pay and fringe benefits for Federal employees.

Mr. UDALL. The gentleman from New Jersey.

Mr. KREBS. I have no questions, Mr. Chairman.

Mr. UDALL. Thank you, Mr. McCart, for your helpful testimony.

Our last witness is Mr. Henry J. Stoffer, president, National League of Postmasters.

STATEMENT OF HENRY J. STOFFER, PRESIDENT, NATIONAL LEAGUE OF POSTMASTERS OF THE UNITED STATES, ACCOMPANIED BY EXECUTIVE VICE PRESIDENT HENRY H. WOMACK, POSTMASTER AT CATRON, MO.; VICE PRESIDENT HENRY M. HEYL, POSTMASTER AT WOOSTER, OHIO; AND SECRETARY-TREASURER JULIA McCLUSKEY, POSTMASTER AT NEW BEDFORD, PA.

Mr. UDALL. Mr. Stoffer, will you identify the people who are accompanying you, as soon as you are seated?

Mr. STOFFER. Thank you, Mr. Chairman.

I am president of the National League of Postmasters, and postmaster at Sheffield, Iowa. I am accompanied by Henry Womack, executive vice president, postmaster at Catron, Mo.; Vice President Henry M. Heyl, postmaster at Wooster, Ohio, and our national secretary-treasurer, Mrs. Julia McCluskey, postmaster at New Bedford, Pa.

Mr. UDALL. We are happy to have you all with us.

Mr. STOFFER. Thank you, Mr. Chairman.

We are honored and proud that several State officers of the National League of Postmasters have accompanied us to this important hearing. In their behalf, and in behalf of our entire membership, we want to express our sincere gratitude for this opportunity to present our views.

Any attempt to represent postmasters on the important matter of compensation is difficult and complicated, and we beg the indulgence of this committee as we review the needs of our dedicated members whose salaries range from the lowest to the highest pay in the postal field service.

Postmaster positions, as compared with other Federal positions, are quite unique. The duties also vary, depending on the size of the 34,000 cities and towns in which we serve. Postmasters have no special hours of duty. As managers we are on call at all times, and willingly respond during any peak load, Christmas rush, or other emergency without a thought of overtime or compensatory time. The salaries of postmasters currently range from \$1,359 to \$24,935. Because of the wide spread in salaries and duties, we would like to classify postmaster positions into four general groups.

The first general group includes about 600 postmasters who are in level 12 and above. They manage offices in our larger cities, most of them being sectional centers, and having at least 100 employees. Postmasters at these offices must be experts in postal operations, public relations, and employee management. Most of them share community responsibilities along with top executives of major corporations, and business leaders. Rarely can their salaries be compared with positions of comparable responsibilities either in dollar volume or in number of employees. As the salary of the President of the United States generally is not comparable with the president of General Motors or executives of similar corporations, our members in this category, likewise rarely achieve true pay comparability. They must, we believe, earn a wage that will permit them to participate in their communities as the senior representative of Government in these cities, with the dignity this high position deserves.



Since we know it is nearly impossible to compare these positions to outside management, we feel we might at least compare the salaries with subordinate postal employees. As an example, a newly appointed postmaster in level 14 would have a starting salary of \$12,077 per year. If his assistant at level 13 has reached step 10, he would be receiving \$14,358 or \$2,281 more than his boss. We have no quarrel with the salaries of these employees, but feel this comparison might vividly illustrate that the concept of comparability is not followed in the postal service. We doubt that any executive outside of the postal service would be named manager or president of a firm and receive less salary than his subordinates. This difference is greater as we compare higher levels, and becomes less when we compare lower levels. However, the difference is always there.

The next general group are postmasters from levels 9 through 11. They are postmasters in our smaller cities, usually county seats, and occasionally sectional center post offices with more than 10 employees but fewer than 100. These offices quite often have city delivery, rural delivery, and independent branches. Some of these offices have an assistant postmaster, and some of the larger offices in this group may have three or more supervisors. None, however, have a secretary to perform some of the routine clerical duties, answer the phone, or do their typing. This, in itself, we believe is not comparable to outside employment. Postmasters in these offices generally maintain the records, conduct employee meetings, handle all public relations work, and are often seen on the workroom floor assisting during the peak periods.

Our next group are postmasters serving rural America from levels 8 down to level 5. Many of these postmasters have little or no clerical assistance, usually one or more rural routes, no janitorial assistance and no city delivery. This is the postmaster who like all others must know all postal regulations and serve as window clerk, janitor, special delivery messenger, mail handler, and manager of his office. He must offer the identical services offered in the larger offices, but must do it alone. He must sell the stamps, rate the mail, issue money orders, register or certify letters, insure parcels, accept foreign parcels, cancel and sort outgoing mail, distribute incoming mail, accept c.o.d.'s, maintain all records, and answer all correspondence. In his spare time he will perform services for nearly every other Federal agency, which might include the sale of saving stamps, migratory bird stamps, revenue stamps, and handle such other matters as alien reports, civil defense materials, statistical data for the Department of Agriculture, recruiting material for the Armed Forces, post FBI posters, provide burial flags for deceased veterans, distribute social security forms, distribute medicare forms, and perform any other duties of a related nature. He is always there, and his office is always open during the working hours, so he may be called upon for any emergency in the community. This is the postmaster, we find, who is usually applying for a rural route, so he can be relieved of many responsibilities, receive more pay, and work fewer hours.

Our other group consists of the 8,800 dedicated postmasters who serve our vital crossroad communities in the more remote sections of our rural areas. As in the preceding groups these postmasters must have complete knowledge on all postal matters, and provide virtually every service available to any postal patron at any post office. Many

of these postmasters have an annual beginning salary of \$1,359 per year and are required to offer these services 6 days every week. The importance of these small post offices was recently recognized and emphasized when President Johnson selected the post office at Hye, Tex., for the swearing-in ceremony for Postmaster General Lawrence F. O'Brien. It is noted with gratitude that these fourth-class offices are included in the various pay proposals now introduced. Since Congress did not see fit to include these officers in H.R. 1771, the 5-day workweek bill for postmasters additional compensation becomes increasingly important and meaningful.

Postmasters in every community are expected and required to contribute and participate in community affairs. In many instances, in their position as the ranking Federal employee in their community, this participation can be costly and time consuming. We have no quarrel with this and concur that this is a function of our responsible positions. However, we believe this in itself should and could justify the need for salary superiority and true comparability.

Postmasters are seldom ordered to attend meetings conducted by the Post Office Department. However, we are often "invited" to attend. The invitation usually concludes with the same old phrase: "Without expense to the Department." I know of no other managers, in or out of Government who are expected to attend such meetings without some allowance for expenses and mileage.

The Federal Reform Act of 1962 stated:

(a) There shall be equal pay for substantially equal work and pay distinctions shall be maintained in keeping with work performance distinctions; and

(b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

Permit us to make a few common comparisons as they apply to postmasters:

(a) As stated earlier a postmaster could be appointed, only to find his immediate subordinate earning as much as \$2,281 more per year.

(b) A postmaster in level 8 could be appointed and learn that his clerk in level 4 was receiving \$174 more per year.

(c) In a small third-class post office a postmaster at level 5, and a rural carrier with a 60-mile route—the national average—could start to work on the same day. The rural carrier would not only receive \$95 more per year, but would receive equipment allowance \$7.20 per day, have far less responsibility, and be off the job for the day by 11:30 a.m. on a normal day.

(d) A postmaster in the top pay category at a fourth-class office, with a rural carrier serving a 60-mile route, again the national average, would receive \$1,725 less per year, not to mention the additional hours or responsibility.

I might add this postmaster in the fourth-class office would again have to be working 6 full days a week.

Current pay schedules fail in every instance to match true comparability. Figures—as supplied by the Bureau of Labor Statistics—show the salaries of postmasters and supervisors in the middle and upper levels are further removed from this goal than other employees. The intent of the 1962 pay legislation to establish the theory of comparability was thwarted in 1964 when this group was not accorded the same percentage pay increase as employees in lower levels. Any across-the-board percentage increase this year will still not correct



this pay increase inequity applying to thousands in this group. In this instance we support the pay proposal submitted by President Johnson.

In summary, we believe that no postmaster or supervisor should receive less salary than those they supervise.

To help remove some of the present injustices, we submit for your consideration and approval, the following amendment to H.R. 12240 and companion bills or legislation: Amend section 3106 of title 39, United States Code by adding paragraph (b) to read as follows:

(b) The Postmaster General is authorized to increase the salary of postmasters by steps in each instance where he finds the postmasters' current salary level and step are such that he receives less annual salary than any subordinate in that post office. Thereafter the postmaster under this provision shall move into additional steps within their level only as necessary to maintain salary superiority to a subordinate or in accordance with earned longevity increases. For purposes of this section, all employees in a post office are subordinate to the postmaster.

We are grateful to President Johnson for his interest and concern for adequate pay for all Federal employees. We likewise appreciate the pay legislation introduced and supported by Congressman Arnold Olsen, Dominick Daniels, Glenn Cunningham, Paul Krebs, James Hanley, and others.

Thank you for your time and consideration. The opportunity to present our proposals and amendments is greatly appreciated. Our members anxiously await your favorable consideration.

Mr. UDALL. Thank you, Mr. Stoffer, for your helpful statement. I do appreciate Mr. Womack, and Mr. Heyl, and Mrs. McCluskey going to the difficulty and expense to be with us here today.

The discrepancy between the pay of the postmaster and its subordinate is one which has always concerned me and I think your amendment is an interesting and constructive approach to this problem.

Have you discussed this recently or at any time with the Post Office Department? If so, what is their attitude about this?

Mr. STOFFER. I have discussed it many times over the years and I must say their attitude is somewhat negative.

Mr. UDALL. What arguments do they give for opposing this arrangement?

Mr. STOFFER. The cost.

Mr. UDALL. Do they concede generally there is an injustice done, when a postmaster in charge of other employees makes less money than one or more of them?

Mr. STOFFER. Yes, they do concede on that point.

Mr. UDALL. Do you have an estimate of the cost of your amendment?

Mr. STOFFER. No, sir; I have no idea what it might cost.

Mr. UDALL. How many postmasters would be affected, would you guess? A hundred or 10,000, or somewhere in between?

Mr. STOFFER. I would have to guess, 1 man out of 20 or 25.

Mr. OLSEN. Mr. Chairman, maybe we could get this for the record.

Mr. UDALL. Would you be able to get this, or should we get it from the Department?

Mr. STOFFER. I think Dr. Block in the Department, on Mr. Murphy's staff, is already trying to get this data together.

Mr. UDALL. I think Mr. Olsen has an excellent suggestion, and we will try to get that.

Mr. STOFFER. This is actually taken from the bill which Congressman Morrison introduced, but because this bill came up first, we wished to include it.

Mr. UDALL. The gentleman from Louisiana?

Mr. OLSEN. Would the gentleman yield? I just got a call and I have to go back to my office, and I would appreciate it.

Mr. MORRISON. Certainly.

Mr. OLSEN. I think I understand you very well, that you are not complaining that anybody else is being paid too well.

Mr. STOFFER. We don't want to cut anyone back.

Mr. OLSEN. Your objection is that the supervisory employees are not being paid as well as they ought to be.

Mr. STOFFER. That is indeed true.

Mr. OLSEN. I agree with you. However, I would ask you, on page 4, you wouldn't include the equipment allowance of the rural carriers in calculating their salary?

Mr. STOFFER. We like to refer to that when we can, and there was some proposed legislation last year and I think the rural carriers are aware that the National League of Postmasters were with them on maintaining this allowance.

Mr. OLSEN. You think they are entitled to that equipment allowance?

Mr. STOFFER. Certainly.

Mr. OLSEN. I agree with you, the postmasters should be paid better. I think all supervisory employees should be paid better than those people that they supervise. I sure appreciate your bringing that to our attention. Thank you very much. And thank you, Mr. Morrison, for yielding.

I have some most important people in my office, they are my constituents.

Mr. MORRISON. From your district.

Mr. OLSEN. Yes; from Montana. So, if you will excuse me, I have to leave.

Mr. MORRISON. I would likewise like to join with my colleagues in commending the gentleman on his testimony not only on this bill but on all bills on which he has testified over the years as president of this very important and very fine organization. He has always been well prepared, he has always offered full cooperation to help the committee with many valuable facts.

I think, as far as your people are concerned, you are doing an outstanding job. You are providing them with excellent representation as president of your organization, and I certainly appreciate the way in which you have always offered your cooperation, both to individual members and to the committee.

Now you have brought up a very fine argument for the postmaster at smaller post offices. How many third- and fourth-class postmasters are in your organization? Or what, percentagewise, would it be?

Mr. STOFFER. I would have to say our membership is composed of probably 75 percent of the third and fourth. It is probably because all post offices are represented by third and fourth class. I think our membership is probably equalized between the four classes.

Mr. MORRISON. And you are just as vitally interested in a fourth-class post office as you are in a third- or second- or first-class office?



Mr. STOFFER. Yes, sir; they all pay dues and we try to represent everyone.

Mr. MORRISON. I think you do a real fine job. I think it behooves somebody to speak up for the fourth-class postmasters. I can remember a few years back when for some reason they didn't want many fourth-class post offices in my district, and we really went to bat on that very basis. I took the position in their support. Some people in the Department and other places said I was going pretty far afield trying to save some uneconomical post offices, and I said: Well, all post offices can't be first class nor second class nor third class. We have to have some fourth-class post offices.

When you take all of our communities in different parts of this country—and a lot of them are small, a lot of them are distant from a railroad, and a lot of them are out in rural sections—I think those people that live there have just as much right to live there and expect mail service as they would if they lived in the largest cities of the country.

I have always looked upon a fourth-class post office in those communities as kind of a nucleus or the center of the community, that kept the community's identity as a community. Where you have a post office, and the name of the community is usually the name of the post office, even though sometimes there may not be more than two or three stores, a filling station, and a few homes, you do have a community. You have in the small post office a place where people can meet even though they live far away from a city.

But at the same time by having that post office, a community has a certain amount of community spirit, which I think is invaluable. The post office provides that need, which perhaps would be lacking without the post office.

I have seen some localities in my district, and I'm sure it goes for all of the United States, where if you abolish a fourth-class post office, in effect, you abolish the community. Somebody 2 or 3 miles down the road builds a store and says, "This is a community here," and then business may not be too good or he may get a better offer and close up. There is nothing left of the community, because the post office is abolished. It becomes just another crossroads or just another bend in the road.

I think in those instances the greatest value of what is known as the real deep roots of rural, individualist community centers are lost. I think it behooves the Department, and certainly I think it deserves the consideration of this committee, that we should do everything possible to look upon these fourth-class post offices with the idea that they need not necessarily break even or show a profit. Cost to the Department is not the controlling major factor. I think the service to that particular area means a lot more than the cost alone.

We have over the years certainly given people in rural America the same opportunity as those in urban America to share in mail service. I think at certain times the feeling has been, well, let's rather than concentrate on the rural sections, let's let them slide, abolish them, if they are not economically sound. In many instances I think we may do people an injustice instead of helping the Department.

Sometimes it is a borderline case, but for my part, I would try to keep every fourth-class post office I can in my district. When some have been abolished in the past, I have tried to reestablish them.

I believe that by your concentrating, in your testimony, on the need and importance of seeing that these people are paid sufficiently so they can have an incentive to take care of these fourth-class post offices and keep them open, really means a great deal.

When you look at it from maybe one particular viewpoint, it may not, from a relative standpoint, seem so awfully important. But when you look at it from the national standpoint, having the experience that you have had in your organization, with 75 percent of the members in the fourth-, third-, and second-class post offices, you are certainly in a position to know the real importance to this Nation of seeing that these post offices are not discouraged, but are encouraged and stay in operation.

I want to commend the gentleman and your associates with you here today for appearing in behalf of what I certainly believe is a most worthy cause and a most worthy undertaking. I think if some of us didn't take up for the fourth-class postmaster or even third-class postmasters, there will be a lot fewer than there are today. Rather than see fewer, I want to see as many of them as possible, and it may be necessary to have a few more.

Mr. STOFFER. Thank you.

Mr. UDALL. Mr. Daniels?

Mr. DANIELS. Thank you, Mr. Chairman.

I want to commend Mr. Stoffer for his very informative testimony. I am sure you have brought to our attention today, to the attention of this committee and also to the attention of Congress, the inequities existing in the salaries of some of our postmasters, and their employees.

Many of us are unaware of such inequities, and I want to thank you for alerting us to this situation, and I do hope that we will be able to correct this inequity in the very near future.

Mr. STOFFER. Thank you very much, Mr. Daniels. I appreciate that.

Mr. DANIELS. No further questions.

Mr. UDALL. I think we have had a most fruitful and helpful day in taking testimony here.

We will meet again tomorrow morning at 10 o'clock, in room 215 of this building.

The subcommittee stands adjourned until that time.

(Whereupon at 3:50 p.m., the subcommittee was recessed to reconvene at 10 a.m., March 15, 1966.)



## FEDERAL SALARIES AND FRINGE BENEFITS

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TUESDAY, MARCH 15, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10:15 a.m., in room 346, Cannon Building, Hon. Arnold Olsen, presiding.

Mr. OLSEN. The subcommittee will come to order.

Mr. James O'Toole of Sharon, Pa., president of the National Association of Postmasters is our next witness. He is accompanied by our old friend, John Snyder, the executive director of that organization, and Mr. Lemuel Houston, postmaster from Fredericksburg, Va. Mr. Houston is also chairman of the legislative committee of the national association.

Mr. O'Toole, we are very happy to have you with us.

### STATEMENT OF JAMES L. O'TOOLE, PRESIDENT OF THE NATIONAL ASSOCIATION OF POSTMASTERS OF THE UNITED STATES, ACCOMPANIED BY JOHN P. SNYDER AND LEMUEL HOUSTON

Mr. O'TOOLE. Good morning, Honorable Chairman. It is a privilege to appear before your committee.

Mr. OLSEN. We are always happy to have you with us.

Mr. O'TOOLE. The National Association of Postmasters has long maintained that it is in the best interests of the Government and all its employees to establish Federal salary schedules which embrace:

First, comparability within the Government so that differences in qualifications and levels of responsibility are matched by commensurate differences in compensation; and second, comparability between the salary structures of Government and private enterprise.

For years resolutions advocating this sound principle have been adopted by delegates to the national conventions of this association. Full implementation of this principle is our prime legislative objective for 1966. We are firmly committed to the basic tenet that Federal salary schedules must guarantee to every employee the fruits of his labor. Wisdom and justice demand that these schedules be conceived without favor to the many and without discrimination to the few.

Under different circumstances we would urge your favorable consideration of H.R. 12838, Representative Hanley's bill to bring true comparability to the Federal salary schedules at the lower levels and to correct some of the more glaring inequities which have existed in the middle and higher levels for so long. In view of the position taken by the President, we recognize the futility of seeking or expecting

true comparability this year. Certainly the needs of our Nation are paramount to those of its employees.

We, and all Federal employees, were heartened by the establishment of comparability as a Federal policy through enactment of Public Law 87-793, and by the several reaffirmations of this commitment by the Congress and by the President. We believed then, as we do now, that the President had in mind employees at all levels last May when he said:

A double standard which puts the Government employee at a comparable disadvantage is shortsighted.

Even since 1962 implementation of the comparability principle has been promised. As recently as August 23, 1965, the Postmaster General told a committee of the Congress:

I recognize that the average 3-percent increase still does not give equivalent comparability to employees in the middle and higher levels—our supervisors and postmasters \* \* \*. It is our hope and intent to achieve full comparability for all levels at an early date.

In this hope, gentlemen, we fully share.

It is discouraging to realize that up to the present time Federal employees have not attained salary comparability with their counterparts in private enterprise. We gratefully acknowledge that some progress has been made in this direction during the past 3 years, particularly in the lower levels. But comparability remains far short of realization for those in the middle and higher levels. These postmasters and supervisors have received income below that of comparable salary structures in private enterprise for many years as the result of a succession of flat, across-the-board adjustments in pay which narrowed the differential between labor and management.

It is gratifying to note that the President has taken this inequity into consideration and that he recommends slightly larger percentages of increase in levels where the disparity is greatest. We urge you to retain this feature of the President's recommendation. Not only is it in accord with the policy established by the Congress, but it is in the best interest of the postal service and all its employees.

The present salary structure adversely affects all Federal employees. On the one hand, it requires management and supervisors to indirectly subsidize the operation of the Post Office Department by working for less money than is paid by private employers for comparable services. On the other, it reduces the incentive of employees in the lower levels to aspire to supervisory positions.

It is our conviction, gentlemen, that differences in compensation schedules must be large enough to make management and supervisory positions attractive and meaningful. Since all supervisory positions in our post offices and an increasing number of postmasters are now selected from the ranks of career employees, it is essential that there be sufficient inducement to attract the best of our clerks and carriers to supervisory registers. Prestige alone is not enough.

It is not uncommon for a level 4 or 5 employee to decline promotion to a level 7 supervisory position because the difference in pay is not sufficient to compensate him for the headaches which often accompany greater responsibility. A large post office in New Jersey is presently facing a critical situation because eligible employees in the lower levels are unwilling to accept promotions. As a result, supervisory positions in this office cannot be filled.



There have been other instances when a level 7 supervisor has reverted to level 4 at his own request, for the same reason. Our employees are discovering too late that remuneration and responsibilities are not compatible at the supervisory levels.

We also maintain that management should receive greater compensation than those whom they manage. This is considered fundamental to the preservation of the American system of enterprise. Because Federal pay schedules fall short of true comparability some of our postmasters, particularly in the smaller offices, are paid less on an hourly basis than the employees they supervise.

In Vermont, as an example, the salary of a postmaster averages about \$2.45 an hour. The salary of his rural carrier averages about \$3.30 an hour. This is impossible to rationalize, particularly when it is remembered that aside from his scheduled hours of work a postmaster is charged with full responsibility for his office 24 hours of every day.

Likewise, there are some post offices in which the assistant postmaster or some other supervisor receives a larger salary than the postmaster, and where a supervisor receives less than a senior clerk or carrier. Such inequities exist today and they will continue to exist until comparability becomes an actuality.

In summary, gentlemen, permit me to reiterate that the association I represent favors true comparability at all levels of the Federal service. We know that this cannot be accomplished this year, but we feel that you can bring the middle and higher levels more in line by holding fast to the President's proposal for graduated percentages of increase. We do not ask anything that is unreasonable or unrealistic, and certainly we do not desire to jeopardize our country's economy. Within these bounds we petition you to consider the simple justice of granting larger raises in those levels where the greatest disparity exists. This is what our President has promised. It is what he now recommends.

Every postmaster in the United States is committed to the need for comparability. It is our earnest hope that we will not have to wait much longer for the fulfillment of the firm pledge made to employees at all levels by the enactment of Public Law 87-793.

That is our statement. We certainly thank you for affording us the privilege of presenting it on this date and we certainly solicit your kind consideration thereof.

Mr. OLSEN. Thank you very much, Mr. O'Toole. And thank you, Mr. Snyder and Mr. Houston, for a splendid statement.

We have a tough situation. There just isn't enough money to go around because of circumstances beyond the control of any of us. But I know we are going to do the best we can with the President's recommendation. We are pleased to note that you support this recommendation.

Mr. O'TOOLE. Thank you very much, Mr. Olsen.

Mr. OLSEN. Out next witness is Mr. John G. Brady, legislative chairman, National Association of Internal Revenue Service Employees.

**STATEMENT OF JOHN G. BRADY, LEGISLATIVE CHAIRMAN,  
NATIONAL ASSOCIATION OF INTERNAL REVENUE SERVICE  
EMPLOYEES, ACCOMPANIED BY CHARLES F. BEIRNE, SECOND  
VICE PRESIDENT, AND GEORGE BURSACH, EXECUTIVE  
SECRETARY-TREASURER**

Mr. BRADY. Thank you.

Mr. Chairman, I would like for you to meet Mr. Charles F. Beirne, second vice president of the National Association of Internal Revenue Service Employees.

Mr. OLSEN. We are happy to have all of you here.

Mr. BRADY. Mr. Chairman, and members of the committee, Mr. Bursach and I appreciate the opportunity to present our association's views on the 1966 proposals for Federal employee pay and benefits.

We fully support the President's comments of May 12, 1965, when he said:

\* \* \* equal pay for substantially equal work, and pay distinctions in keeping with work and performance distinctions; and salary rates comparable with private enterprise salary rates for the same levels of work.

Also his concern for the "dignity, opportunity, and profound personal achievement in the public service as a profession." Also the President's comment on March 7, 1966:

Among the many blessings which Americans can count is a corps of Federal civil servants that is unequaled anywhere in the world. Honest, intelligent, efficient, and, above all, dedicated, these men and women represent a national resource and a national asset.

America expects much of these public servants. We have made vigorous demands on their time and energy. We have exacted from them high standards of work and conduct.

Thank you very much, Mr. President. We in the Internal Revenue Service appreciate these kind remarks.

Mr. Chairman, we in the Service also appreciate your kindness and understanding of our services to the public. And I might add, you will always be able to depend on our 59,000 Internal Revenue employees to do dedicated work.

With your permission, I would like to give you a couple of sentences right at this point. Our president told Mr. Johnson, on March 1, 1966, and I quote:

Since we met last March 1965, Internal Revenue gross collection reached \$118 billion. That is a rise of 5½ percent. While we were cutting taxes, you collected all of the money while making a savings of \$13 million through improved management practices in the Internal Revenue.

Mr. OLSEN. How many people lost their jobs?

Mr. BRADY. During this period?

Mr. OLSEN. Yes.

Mr. BRADY. As you know, we are in the process of automating, and, of course, the districts are fading slowly to the service centers, and the answer to your question is none.

Mr. OLSEN. A lot of people have been moved?

Mr. BRADY. Right. To proceed: No. 1, adjustment of statutory salary schedules. Our organization fully agrees with the four paramount principles as outlined in the last session regarding pay structure.

No. 1, to reaffirm the commitment of the Congress to the policy of adjusting the civilian career salary systems of the Federal Govern-



ment in accordance with the principle of comparability enacted into law in the Federal Salary Reform Act of 1962.

No. 2, to establish a new, consistent, and rational salary structure for positions of the highest level in the Federal Government in the legislative, executive, and judicial branches.

No. 3, to provide a logical and appropriate relationship between career salaries paid under the four civilian statutory pay systems and compensation for top positions in the three branches.

No. 4, to adopt a salary structure designed to meet the present-day needs of the Federal Government, the most important of which is obtaining and retaining personnel of the highest caliber at every level, without imposing upon any officer or employee a degree of financial sacrifice inconsistent with the principles of democratic government.

Will Federal employees pay for Vietnam and the Great Society? This may appear to be an unusual question, but let us examine its implication.

Without a doubt an employee of the Federal Government is as willing as any citizen in the United States to contribute his support not only to our fighting men in Vietnam but also to the underprivileged and less fortunate in this country.

However, it seems unreasonable to assess Federal employees over and above other citizens in order to do this. You may ask, "How are Federal employees paying any more than everybody else?" This can be answered very simply. They are being underpaid for services rendered. Accordingly, every year that the comparability feature in the Federal pay bills is postponed, the employee, in effect, is paying over and above his or her share toward the operation of the Federal Government and its programs.

Mr. Chairman, we would like the Congress to give us comparability this year. I note the pay of the White House assistants was raised from \$28,500 to \$30,000. This would amount to a  $5\frac{1}{4}$ -percent raise.

We require our new employees to possess educational skills of a nature which would command higher salaries in private industry. And we are constantly endeavoring to increase the skills of our experienced personnel, these efforts on a comparable basis with industry. I belong to various professional organizations and on many occasions "rub elbows" with members of these organizations in the resolution of many problems that require the utilization of professional know-how. Yet I cannot compete with their way of social life due to the lack of salary equalization commensurate with the ability which I am expected to possess.

Inasmuch as we are not afforded the opportunity of overtime pay and many of the other fringe benefits of private industry, it is mandatory that the pay scale of employees at least keep pace with that of private industry.

Mr. OLSEN. May I interrupt? To what level would you think it proper to provide overtime pay?

Mr. BRADY. You mean up to a certain point?

Mr. OLSEN. Yes.

Mr. BRADY. We of the association, as stated, would go up to grade 13.

Mr. OLSEN. Up to grade 13. Through grade 13 or through 12?

Mr. BRADY. Through grade 13 and including 13.

Mr. OLSEN. Do those people determine their own overtime?

Mr. BRADY. At that level; no.

Mr. OLSEN. I am glad to have that in the record. Thank you.

Mr. BRADY. Many capable employees either leave the service or become complacent due to this loss of reward for services rendered.

You are aware of the special requirements placed on us by the code of conduct. Recent surveys indicating that Federal employees were the largest single group engaged in "moonlighting" are significant. This is a clear demonstration of the need for a salary adjustment. Many are forced to obtain permission to work at two jobs to make ends meet. In this situation we all suffer.

Recruiting the past 2 years in colleges and universities to secure topflight agents has been a problem. Industries' starting salary scales have been above our GS grade structure. Therefore, we have been unable to secure top-level college graduates. New employees consider not only the entrance grades, grades 5, 7, and 9, but, in addition, look well beyond these to see what Government means in terms of their careers. They are not after large amounts of money. What they are after, it seems to me, is opportunity for useful and dignified service.

They expect the Government to be fair—as far as equal pay is concerned—and to be assured on the part of the people they work for that fairness will prevail throughout their career.

There is conclusive evidence, as you gentlemen know, to point out the fact that there is major disparity between what is paid by private enterprise and what is paid by the public to its leadership. We know that there always will be disparity. We know that many of those who come to work for the Government do so because they feel the importance of rendering service. We feel, however, that we must not penalize them for desiring to be of service to their country.

Our organization, composed of over 27,000 Internal Revenue employees, strongly urges the principle of comparability when you debate the issues covering 1966 pay bill.

At this point, Mr. Chairman, I would say our association would like to go on record as supporting an effective date for the pay bill of July 1, 1966.

Revised tax treatment of retirement benefits: Pensions paid to retired employees are usually taxable compensation, although there have been exceptions. Annuities or pensions paid under the Railroad Retirement Act are not taxable. Payments under the Social Security Act are not taxable to employees or their families. The following unemployment payments are not taxable: Unemployment payments made by a State agency out of the Federal unemployment trust fund; payments made to Federal employees during unemployment periods by State or Federal agencies; and unemployment benefits received from a private fund, except to the extent that they exceed the amounts contributed by the recipient-member. Annuities paid to Federal civil service employees are taxable like any other ordinary annuities, as are servicemen's annuity payments.

Our association, at the 27th annual convention, on August 23–28, 1965, Washington, D.C., adopted the following recommendations:



To exempt from income tax, annuities and pensions paid by the United States to its employees; whereas social security and railroad retirement pensions are excluded from gross income for income tax purposes; and

Whereas due to increased cost of living and impaired productive ability, our retired employees are facing difficulty in maintaining a good standard of living: Be it

*Resolved*, That this convention supports bills H.R. 1013 and H.R. 1126 now in the Ways and Means Committee of the 89th Congress.

Full annuity at age 55 with 30 years of service: Our association strongly urges and recommends the enactment of full annuity at age 55 after 30 years of service with certain reservations.

We believe that many of our employees with 30 or more years of service would avail themselves of the opportunity of retiring at an age earlier than now possible, and that 30 years of service is universally accepted as a period of full and complete service.

We would like to comment on Mr. Macy's testimony of March 7, 1966, and I quote:

We now recommend that optional retirement on full annuity be permitted beginning at age 55 after 30 years of service, and that Government, as employer, be allowed to initiate the option for employees at GS-13 and above.

Our association has instructed me that we are not in favor of the Government option if they are to use the privilege to retire workers GS-13 and above as a "tool" for personal reasons by management. We feel necessary safeguards should be enacted to protect the employee against abuse of this measure.

With your permission, Mr. Chairman, I have just got a couple of items here and I will just be a minute.

Mr. Macy's testimony of March 6, 1966, was silent on Mr. Daniels' hearings amending the Federal employees' group life insurance. Also very silent on H.R. 10298 and H.R. 10299, by you, Mr. Chairman. You adopted this bill and, as you know, these bills are to provide that time spent on actual travel be considered hours of work.

Our service causes many hours of overtime.

The moving expenses bill, we in the service are constantly on the move. We need the help of this bill on the moving expenses. We are transferring all the time.

Finally, in your debate on the pay bill, that you include the employees of the legislative branch, the real workers in the U.S. Government.

Mr. Chairman and members of the committee, on behalf of our 27,000 members, my sincere thanks for allowing me the privilege to appear here today.

Mr. OLSEN. Thank you very much. It is always a pleasure to have you come here, Mr. Brady.

I am going to ask you to do us a favor. We would like to have a proposed amendment from you with your recommendations on overtime and traveltime, and overtime for traveltime. I would like to have some support for the proposition that, in addition to paying adequate travel expenses for moving families, we do as they do in some agencies of the Government, in the Defense Department, for example, and assist in the sale of the man's home and in the purchase of a new one.

Mr. BRADY. Which industry is doing.

Mr. OLSEN. Surely. I don't think it would change the cost of this bill at all. The cost would be insignificant, and I think this is the year to do it. We are in a kind of straitjacket—the guidelines—and this is the time to talk about those fringe benefits that are not really very expensive and would mean better management, better supervision.

This is what overtime provisions, traveltime pay, and so forth, would do. They would force leaders and supervisors to do a better job of planning. This is the time to do it, and I would like to hear from you on that.

Mr. BRADY. Thank you very much.

Mr. OLSEN. Thank you.

Mr. BURSACH. Mr. Chairman, I want to join Mr. Brady and Mr. Beirne in expressing thanks to your committee for these hearings. I want to point out to you and the members of this committee that both of these gentlemen are members of the National Association of Internal Revenue Employees and employees of the Internal Revenue Service. They are representing their fellow employees in this presentation and are doing it on their own annual leave.

Mr. OLSEN. Mr. Krebs.

Mr. KREBS. First of all I am sorry I wasn't here for all of your testimony, but I had to introduce a constituent who was testifying upstairs.

I have read your statement hastily, and I want to say that I think it is a good job of representing the people you are privileged to represent. I couldn't help overhearing what you said to the chairman about traveltime. I know there is not much about it in the statement.

Since there were some allusions made in some of the testimony in previous hearings, perhaps we were looking for luxuries and pay at premium rates for the Federal civil service employees, both classified and others, and I thought maybe you ought to put in the record what this really means.

For example, we had some examples from some of the other agencies where a nurse working for the Veterans' Administration might be required to accompany a patient being transferred from one veterans' hospital to another, and because of the peculiarities which require work status as rigidly defined, the nurse might be paid along with the ambulance driver who accompanies her and drives the patient and the nurse and the attendant. As long as the patient is in the ambulance, she is technically in a work status. But she might deliver the patient 350 or 400 miles away, and as soon as the patient is out of the ambulance and she rides back in the ambulance without the patient, she is no longer paid. The ambulance driver is still paid because he still has his vehicle, but the nurse isn't.

On top of that, you have employee guards in Federal prisons who have to transfer a prisoner. As long as he has the prisoner handcuffed to him, he is working. But the minute he deposits the prisoner in the new prison he is transporting him to, and he starts back home, he isn't paid because he is not in work status.

We are not asking for luxuries, it seems to me, but we are asking for the inequities to be cleared up. I think in view of some of the questions and answers that were put on the record, for you to just tell how this would affect your people.



Mr. BRADY. Alcohol tax men who go out in the woods looking for the still, away from home at night, out laying on their bellies in the woods looking for the still, there is no traveltime until they get out there.

Mr. OLSEN. It is the same for book examiners. They get paid while they are examining the books, but they go and come on their own time. When the present system of district offices is replaced with a centralized automated system, examiners will travel many more hundreds of miles.

Mr. BRADY. Our small offices are evaporating.

Mr. OLSEN. The man today who travels from Helena to a small community in Montana, a trip of perhaps a hundred miles, will in the future have to travel from Salt Lake City or Denver, and he will not be paid for the trip up or back. He will get paid only for the time spent after he gets there.

Mr. KREBS. Let me ask you this: I understand this is not uncommon in the Internal Revenue Service, where an agent is called in by his superior on Friday afternoon and told that Monday morning, instead of reporting to Richmond, Va., or wherever his base of operations are, that he is to report to Newark, N.J., Chicago, or wherever. Are these people paid for this traveltime?

Mr. BRADY. No, sir.

Mr. OLSEN. Thank you very much.

Mr. BRADY. Thank you very much, sir.

Mr. OLSEN. Our next witness is Mr. Joy Flud of Durant, Okla. He is president of the National Association of ASCS County Office Employees and is accompanied by Mr. Clyde R. Payne, Mr. Warren Greer, Mr. Raymond Vanderhorst, and Mr. Dillard Lasseter.

**STATEMENT OF JOY FLUD, PRESIDENT, NATIONAL ASSOCIATION OF ASCS COUNTY OFFICE EMPLOYEES, ACCOMPANIED BY CLYDE R. PAYNE, SECRETARY-TREASURER; WARREN GREER, LEGISLATIVE CHAIRMAN; RAYMOND VANDERHORST, VICE PRESIDENT; AND DILLARD LASSETER, NASCOE LEGISLATIVE REPRESENTATIVE**

Mr. FLUD. Thank you, Mr. Chairman. As president of the National Association of ASCS County Office Employees, I am representing the 15,000 employees who work in the county ASCS offices of this country. I am assisted by Mr. Clyde R. Payne, Jasper, Fla., our secretary-treasurer, who will have a statement for you. We are also accompanied by Mr. Raymond Vanderhorst, vice president, Bussey, Iowa, and Mr. Dillard Lasseter, NASCOE's Washington representative.

NASCOE officers have had the privilege on a number of occasions in the past several years to appear before this distinguished group in behalf of NASCOE members, and I want to take this opportunity to thank you for the consideration you have given us each time we have appeared. The agency for which we work is the Agricultural Stabilization and Conservation Service. We administer the farm programs at the county level which you, the Congress, provide to benefit the Nation's farm people.

We want to commend this committee, the Congress, and the executive branch, for their good judgment in providing, in the Salary

Reform Act of 1962, for a continuing study of the Federal pay structure comparing it with compensation in business and industry. Pay levels comparable with those in competing fields will provide a means that will enable Government to retain trained and efficient employees. In the past our ASCS offices across the Nation have faced the constant problem of seeing trained people leave service in our administration of your farm programs to take positions in business and industry where pay scales and fringe benefits were more attractive. You have provided a means that will make it possible for us to keep these well trained and qualified people, if you see fit to continue the comparability feature you have initiated.

I will impose on you for only a short time presenting our wishes in connection with the proposed Federal salary adjustments. My testimony will not contain statistics or references furnished by others. You have a staff of experts. You have access to reliable data. I will take no time to add emphasis to it.

Our views are consistent with that of many other witnesses that support the principle of comparability. At the same time, we know that you must make a fair application that will serve both the interest of the employees and the public. So, being fully acquainted with your sense of fairness, we are willing to leave the amount to you. Our people will be glad to abide by and respect your decision.

We feel it most important that you specifically include ASCS county office employees in any pay legislation that you approve. All our duties evolve either from congressional action or U.S. Department of Agriculture directive. Sometimes, in the past, we were not recognized as having Federal functions. I think, in our earlier appearances, we have established to the satisfaction of this distinguished committee that all our duties are Federal—not State or county—in administering the farm programs in the field that have been provided for by the Congress and the U.S. Department of Agriculture.

If you do not specifically include us in the legislation that you approve, you will be making our ASCS employees not only subject to unfair competition from business and industry, but also our sister agencies of Government. Your farm programs provide a service to agriculture of which we feel you are proud. We hope you will help us retain our trained people to continue to give good service.

Our desire is that this committee will favorably consider a provision that will treat ASCS people the same as other Government employees. In the event your committee approves any pay raise for Federal employees, we request that you include a section that provides:

The rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590H(b)) shall be increased by amounts equal as nearly as practicable to the increase provided by this act for corresponding rates of compensation in the appropriate schedule or scale of pay.

We are asking that we be given the same consideration that you were nice enough to give us when enacting the 1962 Salary Reform Act and other salary adjustments legislation since that time.

I wish again to express our appreciation for the courtesies you have shown us and the opportunity of appearing before this committee to explain the position of our organization on this proposed legislation. The employees in each of the more than 3,000 agricultural counties across the Nation will always be grateful to you for giving me this opportunity to present their views. Thank you, Mr. Chairman.



Mr. Payne has a short statement that he would like to make.

Mr. OLSEN. Thank you very much. I think I can assure you that ASCS will certainly be included in any bill we pass.

Mr. Payne?

Mr. PAYNE. I would like to file my statement and make a few comments.

Mr. OLSEN. Without objection, your statement will appear complete in the record at this point.

(The referred to statement follows:)

PREPARED STATEMENT BY CLYDE R. PAYNE, SECRETARY-TREASURER OF THE NATIONAL ASSOCIATION OF AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE COUNTY EMPLOYEES

I am Clyde R. Payne, Hamilton County ASCS officer manager, Jasper, Fla., and secretary-treasurer of the National Association of ASCS County Employees.

The National Association of Agricultural Stabilization and Conservation Service Employees (NASCOE) is a voluntary organization of county Agricultural Stabilization and Conservation Service employees—hereafter referred to as ASCS employees. Approximately 93 percent of ASCS employees are members of NASCOE. The sole purpose of this organization is to promote the welfare of its members. Each State of the United States has a State organization of ASCS county employees and is affiliated with NASCOE. Each State affiliated has two members on the board of directors. NASCOE has national officers and an executive committee representing the six ASCS geographic areas of the United States. They are:

	Name	City and State
Area:		
Northwest.....	Jerry Rees.....	Spokane, Wash.
Southwest.....	R. M. Christensen.....	Red Bluff, Calif.
South central.....	Jack Gipson.....	Walnut Ridge, Ark.
Southeast.....	Ralph Farr.....	Union, S.C.
Northeast.....	Evelyn Yeagle.....	Collegeville, Pa.
Midwest.....	Robert Seales.....	Plankinton, S. Dak.
Officers:		
President.....	Joy L. Flud.....	Durant, Okla.
Vice president.....	Ray Vanderhorst.....	Bussey, Iowa.
Secretary-treasurer.....	Clyde R. Payne.....	Jasper, Fla.
Past president.....	H. Woodrow Jones.....	New Boston, Tex.

All officers, committeemen, etc., are ASCS employees with no salaried personnel but we do have on a retainer basis Mr. Dillard B. Lasseter, Post Office Box 381, Washington, D.C., who keeps us advised on legislative activity and assists us in legislative work.

The Agricultural Stabilization and Conservation Service employees carry out various Federal programs assigned to them by the Congress, Secretary of Agriculture, Executive orders, etc. The headquarters for ASCS is in the U.S. Department of Agriculture Building, Washington, D.C. There are, also, State and county ASCS officers who administer only Federal programs. County, city, or State governments have no connection with the National, State, or county level of ASCS.

ASCS employees on the county level administer directly to farmers of the United States a great number of the complex USDA farm programs, such as the soil bank, agricultural conservation, marketing quotas (tobacco, cotton, wheat, peanuts, and rice), commodity credit loans, cropland adjustment program, wool incentive payments, sugar, feed grain, etc. This is practically all the action programs of USDA.

Previously this committee has determined and the Congress agreed—and we ASCS employees shall always be grateful to you—that we, the ASCS employees on the county level, would have civil service retirement, health and life insurance previously given to other Federal workers and you have included us in your recent pay adjustment bills. You have, also, placed us under the severance pay legislation.

Today, we are before you representing approximately 15,000 ASCS county office employees respectively requesting county ASCS employees be specifically

included in any legislation favorably acted upon by this committee in regard to salary and fringe benefits.

As our functions are entirely Federal we have no source, other than you, to ask for salary adjustments and fringe benefits. We don't have a specific recommendation for the percentage of increase in salaries. We know the cost of living has risen and we need larger salaries. We know you will use the facts you have obtained to determine a "just" increase. We feel county ASCS office employees' salary schedule is now below the salary schedule of other Federal workers performing similar duties. If we were not specifically included in pay raise legislation in 1966 it would only "widen the gap," therefore, please include us.

In regard to retirement at 55 years of age with 30 years' service, our organization strongly recommends this enactment. Our reasons for enactment are similar to reasons presented to you by other witnesses.

We, also, favor the proposal of transfer of credits from the civil service retirement system to social security for persons with less than 5 years of civil service retirement so they or their families will be eligible for social security benefits.

Again, when the final bill is "marked up" please be sure wording is included in the bill so county ASCS employees will receive identical pay raises as other Federal workers as well as fringe benefits.

The county ASCS employees of the United States appreciate this opportunity to present our views and we thank you for the past favorable consideration you have given us.

Mr. PAYNE. Approximately 93 percent of the employees of ASCS are members of our association. I might add that your State and Mr. Krebs' State are two of our strongest affiliates. Every State is active, but your two States are very active.

We and the gentlemen before us have no salaried leave and we are also on leave up here, and some of us need to get back home and get to work.

In regard to this retirement at age 55 with 30 years' active service our organization recommends the enactment of this section with some type of safeguards for the employee. I don't know exactly what we would like to offer, but we think there should be some type of safeguard.

Mr. OLSEN. There ought to be a kind of review that the employee could get if he wants it when he is being retired by his superiors.

Mr. PAYNE. This might be a little odd for us to make this kind of statement, but we have very few safeguards with 2 years of service or 5. We have few safeguards.

Mr. OLSEN. I see. You might put that into the proposed amendment.

Mr. PAYNE. Thank you. We will work on this.

Mr. OLSEN. I am sincere about this. Your people are good, dedicated employees of Federal programs. You work for the counties, and I think you ought to submit a proposal that would improve your status.

Mr. PAYNE. How long would we have?

Mr. OLSEN. Don't take too long. We are up against a small pay package, and I want to move it fast.

Mr. PAYNE. We will get you something fast.

Mr. OLSEN. All right.

Mr. PAYNE. Thank you, sir.

Also, this proposal on transfer of credits for the short-term employee from civil service, we know very little about this but we think we would favor this because we think we have some employees that this would be beneficial to. We can't see where it would hurt anybody.



Once again, as Mr. Flud said in behalf of all of ASCS employees all over the country, we would like to thank this committee again. We were a group of country boys that had never been to Washington until 1960, and you gentlemen have taken us to your heart.

Mr. OLSEN. You came here when I did. I was a country boy until I got here, too.

Mr. PAYNE. The country is still in us, Mr. Chairman. I don't know whether it is out or not.

Thank you again, very kindly.

Mr. OLSEN. Thank you, gentlemen.

Mr. Krebs?

Mr. KREBS. I want to join the chairman in thanking Mr. Flud and Mr. Payne for their testimony. I want to assure you—and I know the chairman feels the same way—that it doesn't matter whether you come from an organization that is large and powerful or small and not so powerful. I think you are still entitled to the same protection.

I just want to admonish both of you to not be too impressed with this comparability business, because it doesn't really exist to the extent you might think it does. It sounds nice on paper, but there is a lot of invoking required and a lot of practicing comparability rather than making nice statements about it. I would not sit back and feel that the millennium is here.

We haven't accomplished comparability. I think it is something you are going to have to fight for if you are going to get it. You are only going to get it by fighting for it.

I appreciate your coming here, particularly since you are doing this at your own expense, and you had to take annual leave time to make this trip. I think this bespeaks a real dedication to the program of your organization and the people you represent.

But let me say to you, keep working at it, because you don't get anything for nothing whether you are a country boy coming to Washington, or another big-city boy coming to Washington. You have got to work for it. There is no Santa Claus.

Thank you, Mr. Chairman.

Mr. OLSEN. Thank you, gentlemen, very kindly. Thank you very much.

Mr. PAYNE. Thank you, Mr. Chairman.

Mr. OLSEN. The committee has no more witnesses today. The committee is adjourned.

(Whereupon at 10:55 a.m., the Subcommittee on Compensation was adjourned until 10 a.m., Wednesday, March 16, 1966.)





## FEDERAL SALARIES AND FRINGE BENEFITS

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WEDNESDAY, MARCH 16, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10:05 a.m., in room 215, Cannon Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order, for the further consideration of various bills relating to Federal salaries and fringe benefits.

We have scheduled this morning only one witness, because of the importance of the presentation of that witness. We are happy to have with us the Honorable Charles L. Schultze, Director of the Bureau of the Budget, accompanied by our old friend, Roger Jones, and Mr. David McAfee, management analyst, Personnel Management Branch.

Welcome, gentlemen. Mr. Schultze, we are happy to have you and you may proceed.

### STATEMENT OF HON. CHARLES L. SCHULTZE, DIRECTOR OF THE BUREAU OF THE BUDGET, ACCOMPANIED BY ROGER W. JONES, SPECIAL ASSISTANT TO THE DIRECTOR, AND DAVID McAFEE, PERSONNEL MANAGEMENT BRANCH

Mr. SCHULTZE. Thank you, Mr. Chairman.

I do appreciate this opportunity to present a summation of the administration's views on civilian compensation policy and the proposals for legislation now pending before the subcommittee. The purpose of all of the proposals is to improve the total compensation of Federal civilian employees, not just their pay.

A review, of course, of the hearings to date suggests that it might be helpful if I placed the main emphasis of my testimony on four subjects: One, the wage-price guideposts; two, the budgetary situation; three, the case for varying percentages in pay adjustments; and four, the relationship of the first three subjects to the comparability principle.

Now let me turn to the wage-price guideposts, a subject of no small concern.

Mr. UDALL. It has been mentioned in these hearings.

Mr. SCHULTZE. Reasonable price stability is an important objective of economic policy. Price inflation damages a free society in a number of ways. Three of these are particularly harmful:

First, inflation often tends to induce economic behavior which ultimately threatens prosperity. It encourages a speculative and unsus-

tainable level of investment and channels investment into fields which are not the most productive, precisely because they are often the most speculative. When, as it must, the investment which results from inflationary speculations falls off, economic growth is interrupted and recession ensues.

Second, inflation redistributes income in a capricious manner—heavily rewarding some and penalizing others. These rewards and penalties have nothing to do with either need or economic productivity. Indeed, those in the greatest need, living on small, fixed incomes, are penalized worst.

Third, inflation by raising the price of the goods we sell abroad robs us of our foreign exchange earning power, widens the balance of payments deficit, and reduces our ability to meet our commitments abroad.

After 5 years of unprecedented and uninterrupted growth, the American economy has moved up from a position of substantial unemployment and excess industrial capacity to a situation of high-level prosperity. This unparalleled recession-free growth has not been importantly marred by inflation. There is no reason why economic growth without inflation cannot continue. But it is obvious that the problems of restraining inflation in a period of high employment and relatively full utilization of plant capacity are much more difficult than in a period of substantial unemployment and excess capacity.

In this context the wage-price guideposts take on particular importance. We are no longer a nation of small farmers and shopkeepers, no one of which has the power to determine prices or wage levels. Individual unions and business managements, particularly in a period of high prosperity, can reach wage and price decisions which appear to be in their own interest but which add up to inflationary consequences. Individual decisions which, considered in isolation, might have seemed to benefit the parties involved, can end up leading to a general rise in prices which penalizes even those who made the original decisions. This is the problem to which the wage-price guideposts address themselves. They are designed:

One, to provide wage and price decisionmakers with economically sound, specific standards for judging whether their decisions are responsible, in the sense of being noninflationary. They make it possible for decisionmakers to weigh their own actions in the light of the national welfare.

Two, to provide a standard by which the public at large can reach its own conclusions about wage and price decisions with respect to whether they are in the national interest.

The general guidepost for wages is that the annual rate of increase of total compensation—pay plus fringe benefits—should equal the national trend rate of increase in productivity. Whether compensation is paid in the form of basic pay or in fringes—it enters into costs. If compensation increases no more rapidly than the long-term increase in national productivity, then labor costs of production for the Nation as a whole do not rise.

After reviewing the trends in long-term productivity gains the Council of Economic Advisers has recommended that the wage guideposts continue to be set at an annual increase of 3.2 percent. The President adopted this recommendation. His position was made



clear in his economic message of January 27, 1966. Permit me to quote a short passage:

The vigorous economy we foresee in 1966 will tempt labor unions to demand wage increases that would raise costs, and businesses to raise prices when profit margins are already fully adequate. Labor must remember that growing employment and productivity are the foundation of higher wages, and business that an expanding economy is the basic source of profit gains. These foundations must not be jeopardized.

The Federal Government does not have authority to impose ceilings on wages and prices.

But when 200,000 of our fellow citizens are risking their lives in the defense of freedom overseas, the Government's duty is to ask those who enjoy a comfortable prosperity at home to exercise responsibly their freedom to set prices and wages.

Forgoing the freedom to act irresponsibly is no real sacrifice. For irresponsible action can only bring on an inflation that would damage all—labor, business, and the national interest.

The pay, retirement, and health benefits proposals for Federal employees which the President has recommended are consistent with the guideposts. I applaud the action of many Federal employee organizations in accepting this basic principle. I believe it is directly in the best interest of their members. Unless the Government, as an employer, lives up to its own guideposts, it can scarcely expect private employers and unions to do so. It is precisely for this reason that observance of the guideposts is in the best interests of Federal employees themselves. History shows that few groups are hit harder by inflation than Government employees and annuitants. It would indeed be an illusory gain to win an immediate pay increase in excess of the guideposts, and then to watch the consequences of that action spread to other sectors of the economy, thereby wiping out the gain through inflation.

Let me turn now, if I may, to the budgetary situation. The allegation has been made that budget policies, together with the wage-price guideposts, have been used to negate the comparability principle of the 1962 Salary Reform Act. This is false. The comparability principle is still central to our compensation policy.

The economic and budgetary situation makes it impossible to attain full comparability immediately. But this no more denies the President's commitment to the comparability principle than the fact that we cannot in 1 year attain our full objectives in education, health, or pollution control denies the President's commitment to those goals. The 1966 pay proposals were explicitly drawn up, in terms of the comparability principle, to the full extent permitted by economic and budgetary considerations.

The President has consistently supported pay increases as an integral part of his budgets. The facts make this clear. As a result of legislative and administrative action taken in 1964, the total added cost of military, civilian, and wage board pay adjustments were \$969.8 million. Similar action in 1965 proposals now before this committee, the first full-year costs will be another \$485 million. In total, over a 3-year period, over \$2.9 billion of compensation costs will have been added to the budget.

Formulation of the 1967 budget presented, as you all know, a difficult problem. The war in Vietnam and continued economic growth at home made it necessary to change the emphasis in fiscal policy from economic stimulation to economic restraint. Excluding Vietnam, budget expenditures in 1967, including a contingency

allowance for civilian pay adjustment, will rise by only \$600 million—about one-half of 1 percent. This increase reflects not an arbitrary holding of the line on every program but a selective mix of expenditure increases and decreases which approximately offset each other.

In the light both of the guidepost and of the realities of fiscal policy, it was clear that a conservative policy had to be adopted with respect to further pay increases in the next fiscal year. Frankly, some consideration was given to postponement of any pay adjustments until the economic and budgetary situation was more favorable. The President, quite correctly I believe, rejected this alternative. Attainment of full comparability, on the other hand, for all grades, effective for all of fiscal 1967 would have cost over \$837 million. It would be fiscally irresponsible to incur added costs of this magnitude—quite apart from the effect on the guideposts. Consequently, after most careful consideration the President has proposed a combination of pay, retirement, and health benefits which meet the necessities of both fiscal prudence and guidepost principles. This involves an average 3.2 percent increase in gross compensation of Federal employees, effective January 1, 1967. In my judgment, it would have been an indefensible choice among priorities for the President to have proposed either a higher pay increase or an earlier effective date.

In short, as Budget Director, I assure the committee that pay increases for military and civilian personnel have had fair consideration and fair treatment in the range of fiscal policy decisions and in the establishment of budgetary priorities ever since enactment of the 1962 Salary Reform Act.

Let me turn to the third point, the case for varying percentages in pay adjustments. The President's commitment to the comparability principle, including his support of annual adjustment in Federal pay if the known facts call for such adjustment, clearly required him to recommend pay adjustments in varying percentages. The basis for his proposals is to be found in the 1965 Bureau of Labor Statistics survey of private enterprise salary rates. As the committee knows, this survey, which has the formal title "National Survey of Professional, Administrative, Technical, and Clerical Pay," is conducted in accordance with the directive contained in section 503 of the Federal Salary Reform Act of 1962.

In its 1965 report, the Bureau of Labor Statistics calls attention to the fact that professional and administrative salary rates in private enterprise have been rising more rapidly than clerical rates. It summarizes the trend over the past 4 years as follows:

In the case of clerical work levels, the private enterprise increases for 1961-65 were 10.6 percent; for lower professional and administrative, 13.7 percent; and higher professional and administrative, 15.2 percent.

It is also pertinent to point out that the 3.6-percent adjustment in civilian pay authorized as of October 1, 1965, produced statutory salary schedules which left the various Federal grades in uneven relation to private enterprise rates. The adjustment pushed clerical grades above comparability with the 1964 rates reported by the BLS by amounts which varied from more than 4 percent at GS-1 to less than 1 percent at GS-5. At GS-6 and higher grades, the 1965 adjustment permitted Federal salary rates to trail the 1964 private enterprise rates by increasing percentages. At several of the highest grades, the



Federal rates are approximately comparable with the 1962 private enterprise rates.

In light of these facts, the Bureau of the Budget and the Civil Service Commission carefully examined a number of alternatives for moving closer to the comparability standard across the board. As already indicated, our analysis was made within the confines of the wage-price guideposts. When our figures were presented to the President, he decided that his proposals would provide some adjustment in all grades; move as many employees as possible within the guidepost limitation, to 1965 comparability; and, finally, close as much of the gap as possible for the remaining employees.

In consequence of these decisions, the President recommended that the pay adjustments vary in range from 1 percent to 4.5 percent. The distribution is set forth in the tables which follow this page of my statement.

The tables show for the Classification Act and for the Postal Field Service the current fourth-step pay line; the 1965 comparability pay line; the percentage increases which would be required to attain full comparability; the percentage increase recommended by the President; the resulting proposed pay line—which is reflected in the salary schedules now before the committee—and the proposed pay line expressed in terms of a percentage of 1965 comparability.

We believe that the varying percentages of increase are equitable and represent the maximum movement toward the comparability standard which can be accomplished within the wage-price guideposts. Enactment of the President's recommendations will bring 57 percent of Federal employees, including 87 percent of postal employees and more than 470,000 classified employees in the lower grades, to 1965 comparability.

With the exception of the so-called supergrade positions—GS-16, GS-17 and GS-18, of the Classification Act, and their counterparts under the other statutory salary systems—the maximum increases of 4.5 percent have been given to the higher grades. Unfortunately, we have been able to propose only a 2-percent increase in the supergrade range. This has been necessary in order to maintain some differential between GS-18 and the executive salary schedule. An increase of even 3 percent at GS-18 would push that grade above the current \$26,000 rate of executive level V.

Eventually, the executive pay schedule will again have to be adjusted upward if our top political and career executives are to share in the productive gains of the Nation, and if we are not to create an unwise compression between top career salary rates and levels IV and V of the executive salary schedule. The administration does not recommend that such action be taken this year.

In summary, the variable percentage adjustment will bring more than half of Federal civilian employees to 1965 comparability—the most recent date for which we have a completed BLS survey. The proposed adjustment for the remaining employees will take up 38 percent of the gap between their salaries and 1965 comparability.

We recommend most earnestly that the Congress not grant a uniform percentage increase across the board to all grades. Such action would have two inequitable results. First, it would require the addition of \$18 million to postal adjustments which would have to be particularly offset by decreases of \$10 million in the Classifica-

tion Act, \$1 million in the Foreign Service, and \$1.4 million in the Bureau of Medicine and Surgery of the Veterans' Administration, where the lag behind the comparability standard now is greatest. Second, the flat increase would result in putting employees in grades GS-5 and below, and their equivalents in other systems, above 1965 comparability by taking away funds allocated to employees in the upper grades, who already lag well behind 1965 comparability.

In this connection, I believe that a flat percentage increase for all grades would abandon the BLS survey as a basis for measuring comparability. I cannot stress too strongly our firm belief that departure from known facts about private enterprise salaries is unjustifiable and unwise.

Let me turn now, if I may, to a short discussion to the comparability principle.

In the preceding sections of this statement, I have tried to demonstrate not only the President's commitment to the comparability principle but also to explain fully how we have proposed to move toward attainment of comparability this year. We cannot support more liberal action at the present time without breaking the wage-price guideposts or without giving pay increases an overriding budget priority which would be unjustified.

The Federal Salary Reform Act states the comparability principle in a simple declaration:

Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

The confusion and misunderstandings which have arisen about the comparability principle involve the words "salary rates, private enterprise" and "levels of work" in that order.

The principle and the statute say nothing about Federal increases being comparable with increases elsewhere. It establishes that the standard is measurement of "rates," not change. This is an absolute standard. Federal rates shall be brought to the level of private enterprise rates. We are trying to do this as rapidly as economic and fiscal conditions permit. The principle describes "private enterprise" without qualification. It says nothing about comparability with the better employers, or the bigger employers, or employers of organized or unorganized workers. The principle also says that Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work. It does not say that Federal workers in any given occupation shall get the same salaries as their counterparts in private enterprise. It prescribes only a work level relationship, which must represent a number of occupations at the same work level.

Obviously, there will be differences in pay among the occupations. It must not be forgotten that the Federal Salary Reform Act also retained the longstanding principle of equal pay for equal work, and established a requirement for interrelated salary levels for the several Federal statutory salary systems.

In the executive branch we have attempted to develop comparability pay lines which meet the principle fully and to construct salary schedules which provide pay distinctions in keeping with work distinctions—all in an interrelated system.



In consequence, we believe that the President's proposals are consistent with the comparability principle and movement toward the comparability standard. Nevertheless, it is clear from the testimony presented to the committee that dissatisfaction and doubt about the comparability principle and the comparability process still exist. Representatives of a number of the employee organizations have suggested that the committee review comparability in all of its aspects. I believe that there would be value in such an undertaking, but I urge that this review be a joint undertaking and that it be deferred until after this year's congressional action on the proposals before the committee.

The Bureau of the Budget and the Civil Service Commission are completing a fully descriptive statement of all aspects of the comparability principle, and the processes adopted to measure and report to the President and to the Congress on implementation of the policies of the 1962 Salary Reform Act. Members of the staff of the Bureau of the Budget and the Civil Service Commission will be available to suit the committee's convenience in a thorough discussion of everything which the committee may wish to explore about comparability. I believe that our work will enable us to identify and discuss with the committee the alternatives which might be considered at every point where choice is available. If such a cooperative review can be undertaken later in this session of the Congress, the results could be used in the presentation of next year's report to the President and to the Congress.

At this point, Mr. Chairman, I would like to point out that the idea of reviewing comparability is not new. In his pay message of May 12, 1965, the President recommended the establishment of a permanent body to make a thorough and impartial review of Federal salary systems every 4 years. The sentences of the report of the special panel on Federal salaries which underlay that recommendation read as follows:

For the long term, however, the comparability principle and continuing sound interrelationship of all Government salary systems require periodic updating of principles, concepts, and structures of those systems. It is our opinion that updating should occur at regularly established intervals and after comprehensive and impartial review conducted under clear statutory standards.

While the administration is not pressing for enactment of legislation establishing a salary review commission this year, we still believe that such a body is needed for regular recurring studies of the kind requested by the employee organizations.

We do not believe that there is anything mysterious or basically wrong with the comparability concepts, and we are quite prepared to work with the Congress and employee organizations to bring about improvements, including a thorough examination of all of the processes of job matching.

There is, however, one aspect of our attempts to move toward comparability on which I should like to comment. Some of the stories in the press and the implications of some of the testimony presented to the committee this year and last suggest that Federal comparability pay action has not adequately taken into account:

Increases in the cost of living, generally, as measured by the Consumer Price Index; increases in the economic index of output per man-hour in private enterprise.

The evidence does not support this conclusion. A comparative illustration related to PFS-4, step 4, may be helpful. I present it in the tables which follow this page in my testimony.

Mr. UDALL. Without objection, this table will be inserted in the record as will the table that followed page 8 of your testimony.  
(The tables follow:)

*Comparison trend of postal salaries and major economic indicators, selected periods, 1947-65*

Year	Salary rate, PFS-4, step 4	Consumer's Price Index (1957-59=100)	Index of output per man-hour total private (1957-59=100)	Average hourly earnings (excluding overtime), all manu- facturing
1947-----	\$2,400	77.8	69.2	\$1.18
1960-----	4,825	103.1	105.1	2.20
1965-----	5,694	111.0	125.3	2.54
Percent increase:	Percent	Percent	Percent	Percent
1947-60-----	101.0	32.5	51.9	86.4
1960-65-----	18.0	7.7	19.2	15.5
1947-65-----	137.3	42.7	81.1	115.3

Source: Bureau of Labor Statistics.

*Trend in postal salary rates, 1945-65*

Year	PFS-4 salary range		Number of within- grade increases
	Minimum	Maximum	
1945-----	\$1,700	\$2,100	4 at \$100.
1965-----	5,181	7,026	11 at \$171.
Increase-----	Percent 204.8	Percent 234.6	

*Proposed salary adjustments, Classification Act*

Grade	Current pay line	Comparabil- ity pay line—1965	Percent in- crease needed to reach comparability	Percent in- crease recom- mended by President	Proposed pay line	Proposed pay line as per- cent of com- parability
GS-1-----	\$3,864	\$3,595		1.0	\$3,905	108.8
GS-2-----	4,201	4,085		1.0	4,245	103.9
GS-3-----	4,569	4,615	1.0	1.0	4,615	100.0
GS-4-----	5,109	5,195	1.7	1.7	5,195	100.0
GS-5-----	5,694	5,830	2.4	2.4	5,830	100.0
GS-6-----	6,278	6,510	3.7	2.4	6,430	98.8
GS-7-----	6,890	7,255	5.3	2.4	7,055	97.2
GS-8-----	7,553	8,045	6.5	2.4	7,735	96.1
GS-9-----	8,241	8,900	7.5	2.8	8,470	95.2
GS-10-----	9,024	9,800	8.6	3.2	9,315	95.1
GS-11-----	9,879	10,785	9.2	3.5	10,225	94.8
GS-12-----	11,723	12,935	10.3	3.9	12,180	94.2
GS-13-----	13,815	15,365	11.2	4.2	14,395	93.7
GS-14-----	16,204	18,115	11.8	4.4	16,915	93.4
GS-15-----	18,825	21,230	12.8	4.5	19,670	92.7
GS-16-----	21,653	24,775	14.4	2.0	22,085	89.1
GS-17-----	24,548	28,835	17.5	2.0	25,040	86.8
GS-18-----	25,382	30,490	20.1	2.0	25,890	84.9



*Proposed salary adjustments, Postal Field Service*

Level	Current pay line	Comparability pay line—1965	Percent increase needed to reach comparability	Percent increase recommended by President	Proposed pay line	Proposed pay line as percent of comparability
PFS-1-----	\$4,491	\$4,590	2.2	2.2	\$4,590	100.0
PFS-2-----	4,859	4,970	2.3	2.3	4,970	100.0
PFS-3-----	5,263	5,385	2.3	2.3	5,385	100.0
PFS-4-----	5,694	5,830	2.4	2.4	5,830	100.0
PFS-5-----	6,094	6,315	3.6	2.4	6,240	98.8
PFS-6-----	6,532	6,840	4.7	2.4	6,690	97.8
PFS-7-----	6,997	7,405	5.8	2.4	7,165	96.8
PFS-8-----	7,572	8,020	5.9	2.4	7,755	96.7
PFS-9-----	8,193	8,685	6.0	2.4	8,390	96.6
PFS-10-----	8,935	9,685	8.4	3.2	9,220	95.2
PFS-11-----	9,879	10,785	9.2	3.5	10,225	94.8
PFS-12-----	10,925	12,040	10.2	3.8	11,340	94.2
PFS-13-----	12,090	13,425	11.0	4.1	12,585	93.7
PFS-14-----	13,337	14,970	12.2	4.5	13,935	93.1
PFS-15-----	14,732	16,695	13.3	4.5	15,395	92.2
PFS-16-----	16,290	18,615	14.3	4.5	17,025	91.5
PFS-17-----	18,030	20,755	15.1	4.5	18,840	90.8
PFS-18-----	19,974	23,140	15.9	2.0	20,375	88.1
PFS-19-----	22,139	25,800	16.5	2.0	22,580	87.5
PFS-20-----	24,548	28,835	17.5	2.0	25,040	86.8

Mr. SCHULTZE. Thank you, Mr. Chairman.

If you glance at that table, I think there are a few things that are worth noting. You will note that in period 1947-60, the salary rate for PFS-4 advanced 101 percent; the Consumer Price Index advanced only 32.5 percent, and the index of output per man-hour in private enterprise increased 51.9 percent. It is interesting to note that during this same period, the average hourly earnings in manufacturing, excluding overtime, advanced 86.4 percent. The tables make similar comparisons for the period 1960-65, and for the entire period 1947-65.

It is also interesting to note that if we take into account the pay raises granted immediately after World War II, the pay of a PFS-4 employee has increased by well over 200 percent in the period since 1945. These comparisons are not meant to indicate that the salary increases were in some sense unwarranted. They were warranted. But they do, I believe, destroy the contention that somehow Federal pay action has not taken into account increases in the cost of living or in national productivity.

In summary, Mr. Chairman, the administration supports the comparability principle. We have attempted, to the best of our ability, to propose actions on pay adjustments which are consistent with that principle. We want to attain full salary comparability on a basis which is accurately measured in accordance with known facts and which is acceptable to the Congress and to Federal employees. Finally, as is the case with all Federal actions, our speed of progress toward desirable goals must be evaluated in the context of prevailing economic conditions and the context of the fiscal policy appropriate to those conditions.

Finally, let me turn to the retirement and health benefit improvements, just briefly. I shall not make any extensive comment about the President's recommendations for improvement in retirement and health benefits. I believe that his message, the report of the Cabinet Committee on Federal Staff Retirement Systems, which I had the honor to chair, and the testimony of the Chairman of the Civil Service Commission, explain what we recommend, why we make our

recommendations, and how those recommendations will benefit Federal employees and their dependents.

There have been made available to the committee legislative drafts which, together with the proposed pay schedules also supplied to you, we believe can be accommodated in an omnibus bill. We are prepared to present testimony upon any one of the recommendations about which the committee desires more information, and to work closely with you in the preparation of a final bill. I am confident that the results will mark another important milestone in establishing a Federal compensation system which is fair to employees, fair to the taxpayers, and useful to the departments and agencies in the administration of their personnel systems.

Thank you, Mr. Chairman. I am available to answer any questions which you and any of the committee members may wish to ask.

Mr. UDALL. Thank you, Mr. Schultze.

I think the President is fortunate to have a man of your insight and ability in the position you hold. I think the country is fortunate that you are there. I certainly congratulate you on a very forceful and excellent statement.

I suspect that you will be faced with some penetrating questions from some of my colleagues before you leave the table, but I wanted to start off on that note at least.

One of the arguments which has been made before our subcommittee, in connection with the guidelines you discussed in your statement, is based on lists of profits in major industrial organizations. We were told the other day that Ford Motor Co. and General Motors have increased their profits by 60, 70 percent.

Could you explain the guidelines as you understand them and the relationship to profits? Generally, as I see it, the guidelines deal with wage increases and price increases. Now, what is the relationship of profits to these guidelines?

Mr. SCHULTZE. Well, Mr. Chairman, essentially the guidelines or the guideposts, as we prefer to call them, are not in and of themselves directed toward profits. They are directed, however, through what they have to say about prices, toward increases in profits, which come not from increased efficiency or from increased volume, but from unwarranted increases in prices. Just as the guideposts are not designed to limit profits per se, we are not attempting to control the total wage bill in the economy; that is, we are not attempting to say that you can't pay in the aggregate more wages.

It is quite true, that if you look at the data on profits on most major industries in the last few years, you will see that they have increased substantially. This is characteristic of the big increase in volume which we have had over the last 5 years.

The Council of Economic Advisers points out in its report that if you take the total income of corporations before it is split up into the various components of wages, profits, and the like, you will find that the proportion of the gross income going to corporate employees is about the same in 1965 as in 1955, and even in 1948—other years of high-level prosperity. So that on the one hand it is true that profits have increased very substantially.

It is also true that because of economic policies—because of restraints shown, that prices tended—particularly industrial prices—to move up relatively modestly over the past year, particularly for a



situation of very high prosperity. And the largest bulk, although I must admit not all, but the largest bulk of the increase in profits is due to the increase in volume and to some increases in efficiency.

Mr. UDALL. Profit, while it is related to price increases, is one step removed from price increases and price increases are simply a factor which helps to determine the level of profits?

Mr. SCHULTZE. Correct, sir.

Mr. UDALL. Conversely, one may say on the employee side that wage increases may enable a person to save more and thus personal savings would go up as wages went up, but you don't attempt to determine how much people have been able to save in ascertaining wage increase guidelines?

Mr. SCHULTZE. Correct.

Another closer analogy may be that even the guideposts, with respect to wages, are not based on weekly earnings. Weekly earnings can rise because hours of work rise. In other words, volume rises. Just in the case of corporations and industrial activities, it is the price part of it and not the profit part of it that the guideposts seek to control.

Mr. UDALL. I think you have presented a very interesting balance to some of the testimony we have had here, that has been highly critical of the President and of the administration with regard to their attitude in the proposals about pay.

I was particularly struck with the statement that the Federal wage bill has increased by nearly \$3 billion in the past 5 years, which certainly would indicate some commitment to increasing the adequacy of Federal pay.

Mr. SCHULTZE. In a Budget Director's mind that is quite a commitment.

Mr. UDALL. Well, the gentleman from Louisiana yesterday made a rather forceful statement in support of his belief that President Johnson has a real commitment to adequate pay for Federal employees, and discussed in some detail the steps he had taken during his administration and steps that President Kennedy had taken, remarks that I associated myself with yesterday. I think you have certainly given us some additional information to back up this suggestion.

We have a real dilemma, and I think it is a difficult thing for the employee organizations and for many of the members of this committee to accept, the dilemma between guidelines and comparability.

On one hand, we say we are dedicated to providing full comparability for all levels of Federal employees. At the same time, the administration says that it is controlled by guidelines. The guidelines take priority over comparability, I guess, is another way of putting it.

One of the things that troubled me and I think some of the employee organizations is the old question, "When is the year, when is the right time to get full comparability?" There never seems to be a right year. Last year and the year before there were budgetary problems that prevented us from getting full comparability. I offered a bill last year that was finally adopted by the House, which provided for an automatic catchup of 50 percent toward comparability, effective last October. At least this would have met the commitment of the administration to full comparability. Yet this was rather strongly and

forcefully and successfully, I might add, opposed by the administration in the closing days of the last Congress.

Could you comment on this dilemma?

Mr. SCHULTZE. Yes, sir.

Mr. UDALL. How can you have both guidelines and comparability?

Mr. SCHULTZE. I will quite agree with you that it is a dilemma. There is no question of that.

Let me make a number of points. First, the action taken in the 1962 Salary Reform Act and the pay increases granted in 1964 and 1965 clearly moved Federal employees up relative to where they had been with respect to private employees. To take a specific example: Between 1961 and 1965 the average salary rate in private enterprise for a work level comparable to postal level PFS-4 increased by 13 percent. If this administration proposal is adopted, the schedule rate for PFS-4 (step 4) will have gone up by 21 percent. So that in periods in which the problems of inflation are not so prevalent, not only in a theoretical way is it true to say that the administration would be willing to move up faster toward comparability, but the record shows that Federal salary rates actually did move up rapidly toward comparability. If you look at the relationship between Federal salary rates and private salary rates in 1961, and look at them as they would be if this bill were enacted, it is clear that major progress has been made.

However, as I indicated earlier, just as has been the case in a number of firmly committed goals of the administration, that economic conditions do have to influence the rate at which you can move to those goals. Even with the guidepost limitations, if you want to call them that, this set of pay proposals would move toward comparability, although admittedly at a slower rate than would be warranted if conditions were different.

So I can say first that we are committed to comparability. We believe Federal employees should move up closer to and attain comparability. We believe that this has to be done at a speed which depends on economic conditions. Not only is this a commitment to the future, but also a commitment has been demonstrated in the past when economic conditions were such that we could move more rapidly.

Mr. UDALL. Let me put the administration on notice as one who is committed to the standard of full comparability and as one who is dedicated to fight against inflation.

I recognize there is nothing more important than heading off a disastrous inflation. In fact, I have a newsletter for my constituents that came off the press this morning in which I state I am ready to support a tax increase to head off inflation this year.

If we could find a time—and give me a million dollars—and spread it out over this full pay schedule, we could get full comparability in all grades. Under the economic principles that seem to have been adopted in this country, there are times when you restrain the economy, and there are times when you want to stimulate it. If we get in one of these stimulation times, I am going to be fully prepared to get full comparability arguments. I won't be available in a situation like that and maybe next year will be one of these times.

We keep telling the organizations to wait until next year, that this is next year and that we are ready to go. So I wanted to make that point.



Before my time runs out, let me ask you one thing more. There have been a number of complaints that the President and his advisers this year recommended a civil pay increase but not a military. Why not?

Mr. SCHULTZE. In part this was because of the fact that last year there was a 10.8 percent military increase, compared to a 3.6 percent civilian pay increase.

Now, my understanding is that Mr. McNamara has reviewed this and has indicated—I believe I am correct on this—that he would not look with disfavor perhaps if Mr. Rivers went ahead with his announced intentions.

Mr. UDALL. Mr. Rivers has indicated to me and others that he intends to proceed and this might knock your careful budgetary calculations into a cocked hat if we add another half million into the things this year.

Mr. SCHULTZE. There have been a number of things indicated.

Mr. UDALL. The gentleman from Montana.

Mr. OLSEN. Thanks to the Bureau of the Budget Director, Mr. Schultze, for an excellent statement. Your department has always come up here with a well-documented position.

Tell me, what is the month of determination of 1965 comparability.

Mr. SCHULTZE. March.

Mr. OLSEN. And for what period are figures gathered for that March 1965 report?

Mr. SCHULTZE. Just the month; no, it is spread over the whole year.

Mr. OLSEN. It is spread over the year?

Mr. SCHULTZE. July to June. It is centered on March. July to June but centered on March, just as you have to average across grades you average across times. July to June and centered on March.

Mr. OLSEN. So it is July 1964 to June of 1965?

Mr. SCHULTZE. Correct.

Mr. OLSEN. And when do you get that report, that March 1965 report?

Mr. SCHULTZE. It actually varies. I don't think there is a specific date but it is late in the fall.

Mr. JONES. Yes; November.

Mr. SCHULTZE. Yes; late in the fall or early winter. I might point out, Mr. Olsen, that the business of just the mechanical and statistical problems; making sure the information is accurate; relating it to Federal salary grades, in a meaningful way; and getting a pay line which is meaningful in the concepts of the Federal salary reform act is no easy job. Of course, as you are aware, when you are collecting information on private salary rates, throughout the economy, they are first scattered all over the place. They don't cluster around a nice little point. Even when you average them for each grade you don't get a nice smooth line; they are scattered all over.

Hence, making determinations of how this survey information fits into the comparability principle is both difficult and time consuming.

Mr. OLSEN. I can understand that. I just wanted to learn how old your figures are, and whether, for instance, 1964 and the pay in private enterprise in 1964 influences this March 1965 report.

Mr. SCHULTZE. To some extent it does, sir.

Mr. OLSEN. The Bureau of Labor Statistics, of course, gives you statistics on that whole area?

Mr. SCHULTZE. Correct.

Mr. OLSEN. So it is quite correct to say that we are talking about comparability with March 1965. There is some influence from 1964 there?

Mr. SCHULTZE. There is, sir. But most of the data relate to 1965. Even when rates have been collected in the latter part of 1964 it does not necessarily follow that they would have to be higher in the first half of 1965. Rates usually stay in effect at least 12 months. So that rates set in, say, September 1964 would still be in effect in August 1965.

Mr. OLSEN. But now we are in March of 1966, so that we are lagging way far behind when we say comparability?

Mr. SCHULTZE. In that sense you are correct, sir.

Mr. OLSEN. Now, then, could you tell me with whom do you compare letter carriers in the private sector?

Mr. SCHULTZE. We do not, sir. Letter carriers in PFS-4, you will recall, were made comparable with the GS-5 when the 1962 Salary Reform Act was passed. At the end of World War II the salary range of PFS-4 was comparable, as I understand it, with the GS-4. But it is more comparable with GS-5, and in turn this regulates what the letter carrier linkage is.

Mr. OLSEN. So the letter carrier people are arbitrarily linked to clerical people rather than to anything in private enterprise?

Mr. SCHULTZE. Partly clerical; but very high level clerical. I might also point out that GS-5 is the grade at which we hire college graduates.

Mr. OLSEN. What I am getting at is that we don't consider letter carriers' work equal to that of skilled labor?

Mr. SCHULTZE. Well, rather to consider it equal to the occupations which go into GS-5, which are both clerical and lower level administrative and professional.

Mr. OLSEN. This is why I don't like this comparability, because we don't just limit to letter carriers, but letter carriers in post offices, and in Government who found themselves ahead of private enterprise back in 1940 and then came out of the war very much behind and have not caught up to the standard that they had in 1940.

Mr. SCHULTZE. Let me point out, if you will, some other aspects of this. This is not said at all critically or in an attempt to say that letter carriers are getting too much in any sense, but simply to give the other side of this.

In the first place, in 1962 the linkage between the PFS-4, the key grade here, was made to GS-5 rather than the previous GS-4 which was the case in 1945. The salaries of GS-4 and letter carriers were about the same then.

Secondly, the BLS survey, produces the average salary of people in the occupations surveyed, however long they have been there. We then link the private enterprise rate with step 4 in the Classification Act schedule, because step 4 is actually the average step in that schedule. On the other hand, the average letter carrier is in step 7 or 8. I believe it is 8. If you then make a comparison——

Mr. OLSEN. I think it is 7.



Mr. SCHULTZE. Well, I have it here, 7 or 8.

Mr. OLSEN. We will go ahead.

Mr. SCHULTZE. Step 8 is a 12 percent difference over step 4; that is what I am getting at. So that, for example, the current pay proposal would bring a step 4 letter carrier to 100 percent of the BLS survey linked in with the GS-5.

But the average letter carrier in step 7 or 8, whichever it is, will be 112 percent of that—I am sorry, 12 percent above it, or an index of 112. This is a partial offset.

The second offset was, again, you will recall, for those who were on the roles who were there in 1962, and an additional step was granted then which added another 3 percent or so for those who were in service then. In other words, everybody was moved up a step.

So that while some of the points you make are quite correct, it is offset by other factors which don't come into comparability as we see it on the other side. This is not said to indicate that the letter carriers are out of line on the other side, but there are some up factors which offset the down factors, if you will, as you have indicated.

Mr. OLSEN. Well, now, I just want to emphasize again, in your statement and your graphs, and everything, you are talking with respect to March of 1965?

Mr. SCHULTZE. That is correct, sir.

Mr. OLSEN. Now, do you have some idea, some professional opinion about how much of an increase has occurred in the private sector since that time?

Mr. SCHULTZE. Well, we have no knowledge of the specific movement in wages and salaries for the comparable occupations which go into the comparability survey. We just don't know. Obviously, we do have statistics on what happens to average wages for example. I don't have it for March, but for January 1965–January 1966, production workers in manufacturing, straight time wages went up 2.7 percent. The prior year they went up about 2.2 percent, compared with the 3.6 on the Federal level. The same has been true for the last 5 years, the rates have been somewhat less than 3 percent in straight time earnings in manufacturing.

Mr. OLSEN. I think he said that it had been about 3 percent every year?

Mr. SCHULTZE. I have the January–January in straight time manufacturing wages for the last 5 years. Let me submit this for the record.

From 1960 to 1961, 3 percent; 1961 to 1962, 2.9 percent; 1963 to 1964, 2.9 percent; 1964 to 1965, 2.2 percent; 1965 to 1966, 2.7 percent. So it has been running less than 3 percent on straight time basis.

Now, if you look at take-home pay, because overtime has been going up, it is more. But if you look at the straight time, they have essentially all risen something less than 3 percent; this relates to production workers in manufacturing who are not included in the comparability survey. Nevertheless, it is significantly less than the increases in the Federal salaries.

Mr. UDALL. Without objection the tabulation will be included in the record at this point.

(The table follows:)

*Average hourly earnings (excluding overtime and interindustry shift), all manufacturing*

Date	Index (1957-59=100)	Percent increase over year
January 1966.....	123.2	2.7
January 1965.....	120.0	2.2
January 1964.....	117.4	2.9
January 1963.....	114.1	2.1
January 1962.....	111.7	2.9
January 1961.....	108.6	3.0
January 1960.....	105.4	
1960-66.....		16.9

Source: Bureau of Labor Statistics.

Mr. UDALL. The gentleman's time has expired.

Mr. OLSEN. I would ask unanimous consent for 1 more minute.

Mr. UDALL. Without objection the gentleman is given 1 more minute.

Mr. OLSEN. In the private sector they don't include management, do they?

Mr. SCHULTZE. Basically, yes. It has never been spelled out with that degree of precision, but those do——

Mr. OLSEN. That is why I am wondering about whether you are including the management sector in the guideline sector here. You are holding them down to the average of 3.2; is that right?

Mr. SCHULTZE. Yes.

Mr. OLSEN. In that, you are affecting the lower paid people by the fact of giving management as much as 4½ percent?

Mr. SCHULTZE. The reason for this is essentially what goes into the guideline is the basic settlement. Now, in some industries and situations this will include a very large number of personnel up through very high grades. In other cases it will not. That is No. 1, so this is a kind of settlement.

Mr. OLSEN. You went all the way?

Mr. SCHULTZE. That is right. The 16, 17, and 18 level; the amounts we put in by the way for 16, 17, and 18 are so small that they don't, in terms of averaging out, have anything to do practically with the others. The second point in a lot of cases, the management salaries, again, up to maybe the top 20 people or 30 people in the company, are tied by company policy to the increases in the union contract. This has been prevalent in a number of cases.

Again, I can't tell you what percent, but it is prevalent in a number of cases, but, hence, the guideposts do affect the salaries of a number of managers.

Mr. UDALL. The gentleman's time has expired. We will get back.

Mr. OLSEN. Thank you.

Mr. UDALL. The gentleman from Alabama?

Mr. BUCHANAN. I would be glad to yield some of my time to the gentleman, if you would like.

Mr. OLSEN. No, I can wait for the next go-around. Thank you.

Mr. BUCHANAN. I would like to commend you, sir, for the work of the Bureau of the Budget, in general, in combating waste and inefficiency and other such evil things in this Government.



Also on your commitment you expressed the date of the principle of comparability, and your indication of willingness to cooperate with this committee in a review of the comparability principle and process. I think it would be very much in order.

One thing that troubles me, Mr. Schultze, is that while I certainly would concur in the necessity of holding down inflation in every reasonable way, and would not object generally to the 3.2-percent guideline, you have perfect control over Federal employees. You have very imperfect control over the rest of the economy. Consequently, it does trouble me somewhat that while it is possible to hold these Federal employees down—indeed, we doubtless will do so—it could result in a worsening of their relative position if other forces in the economy do nothing. It is my profound hope they will do so.

Another thing is this problem that everyone has, I think, mentioned already, the difficulty of reconciling guideposts or guidelines with establishing comparability and the need for proceeding with all deliberate speed toward achieving full comparability. I certainly hope that can come soon.

I would say, Mr. Chairman, and may I ask you, Mr. Schultze, while I commend the chairman's courage in this tax increase matter, and I say it sincerely, because it will require some, there is something that concerns me about this, too.

Mr. Schultze, I heard a man on television say—an economist—say this morning that the Government spending had no significant effect on the inflationary trend in this country. Would you say that was an accurate statement?

Mr. SCHULTZE. No, sir; that is No. 1. I would be interested to know who that "economist" was. I am sure they still exist like that, but I haven't met any for a while.

Mr. BUCHANAN. Well, he was a proponent of the Great Society——

Mr. SCHULTZE. Touché.

Mr. BUCHANAN. May I say that I am rather concerned. It seems to me, surely in your realm, you have seen that the Government can act like a tiger devouring everything in sight. It is entirely possible for our Congress, and all our agencies to spend everything we can raise and then considerably more.

What I am afraid of, that, with a tax increase, Mr. Chairman, we would simply have more money for this Government to spend in every direction, whereas if we leave the money in the hands of the people, they at least are saving and investing, unless I am mistaken, at a record rate right now. I am afraid that if we do achieve this tax increase that what we are going to find is we are going to spend even greater sums at home and abroad, and end up contributing more to inflation than we have taken from it. At least this is a conceivable result.

Mr. UDALL. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. UDALL. My suggestion in this connection: I supported deficit spending for the purposes of continuing this magnificent, unparalleled 5-year growth and prosperity without inflation. The other side of the coin is that when you have inflationary pressures, the Government takes more out of the economy than it puts in. Thus, the situation, in my judgment, clearly calls not only for a balanced budget, but

for a surplus in the budget which is not plowed back into additional expenditures.

Mr. BUCHANAN. Music to my ears. May I say, Mr. Schultze, again, thank you, sir, and note just one thing, that while on page 15, the chart there, does indicate substantial progress, not only in dollar terms for Federal employees—this PFS-4, is I assume a good example—it, not only in dollar terms, but in terms of personal power, goods and services, so far outstrips the index to Consumer Price Index. This is really substantial progress. There is no denying that. And I am glad the commitment is there to continue such progress.

However, in light of the fact that the manufacturing average hourly earnings did at the same time increase by 115.3 percent, the difference between the two in terms of rate of increase does not indicate necessarily that in 1947 the PFS-4 was substantially behind his counterpart in manufacturing. Is that not true?

Mr. SCHULTZE. I think that is true. How substantially I couldn't give you offhand. I think he was behind. This does show that there was a catch-up. Now the catch-up on our figures as of 1965 would just about have been made, but again it would be a legal point Mr. Olsen made. We are not in 1965, so the full catch-up to the current moment hasn't been made.

Mr. BUCHANAN. The thing I was talking about originally, if other forces in the economy are moving up even beyond the guidelines, it is going to be awfully hard to catch up.

Mr. SCHULTZE. May I make one comment if you don't mind my digressing for a moment on the guideposts?

You raised a very penetrating and important point that has been made a number of times. It turns out the Federal Government does have "control" over Federal wages and salaries. It doesn't over private. The implication is, isn't this unfair to us, this one area, to accomplish your anti-inflation goal? That is a legitimate concern.

Before I came on to this job I had sometimes a lot more fun pursuing some economic studies, one of which was an attempt to forecast what would happen to prices and wages under various economic conditions. This was based on studies of the economy between 1947 and 1961.

After massive manipulations of data on a computer I came up with a number of formulas, which would indicate that if the profits are such, unemployment is such and spending is such, such and such would happen to wages. Well it turns out that between 1962 and 1965, some of my colleagues, after I left, ran this formula and they found out it substantially overpredicted what would happen to wages and prices. In other words, that something had happened to make prices behave more responsively, if I can use a term relative to the economic conditions.

Now I can't sit here with a bald face and say this "something" is the guidepost. But at the same time it seems to me clear that the guideposts have had an impact in changing the relationship between price behavior and economic conditions so that we can get to a higher level of prosperity without as much price inflation as we had in the past. It doesn't mean you wouldn't get any at all, but substantially less. I think the guideposts were one among maybe others. Even though the guideposts don't impinge in any direct sense on the control they have been operative.



I would also point out if you would look at what has happened even in the last year, prices have not exceeded the guideposts.

Now this is not to say that they won't. But they have not. I think this is encouraging.

Mr. BUCHANAN. I certainly hope it will be—certainly in light of the military and private circumstances. Thank you.

Mr. UDALL. The gentleman from Hawaii.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

Mr. Schultze, I realize that as you have stated the administration has given every due consideration for fair treatment of Federal employees. But then if, as you say, the central guiding principle is comparability, we find that labor in Hawaii as well as in the rest of the Nation has not been keeping within the guidepost of 3.2 percent, but averaging in excess of 4 percent, about 4.7 percent from the information we have been getting.

I might point out in this connection that the sugar unions in Hawaii just obtained a 46 cents per hour increase in pay. If our guideposts had been applied they would have gotten only 26 or 27 cents, which means that there are in excess of the guideposts. This, in spite of the fact that Hawaii today has the highest paid agricultural workers in the world.

Now, this situation, as I see it, calls for greater gap in comparability between private employees and Federal employees. A proposition was made at an earlier hearing that we do not include the gap catch-up within consideration of the guidepost and if as you say comparability is a central determining factor don't you feel that this has some merit, that we ought to apply the guidepost only after comparability has been attained, and publicly the President can say that this is not in violation of the guidepost really because the Federal employees have not caught up to full comparability and the guidepost applies only after they have attained comparability?

Mr. SCHULTZE. Could I make several comments on that?

In the first place, once you bring into the guidepost a—formal was the word I want—a formal set of criteria which would say that comparability with some other group, any movement which gets you comparability with another relevant group is outside the guidepost. As sure as I am sitting here there isn't a union leader in the country worth his salt who couldn't find for his union some other relevant group of employees whom he didn't have to catch up with.

My own view is that the quickest way to destroy comparability would be to get into this wretched business of saying, well, comparability applies only—I am sorry, guideposts apply only after you have comparability. Once you do that it is impossible.

Mr. MATSUNAGA. But our principle of comparability that we are speaking of here is comparability between private industry and Federal employees, not within private industry.

Mr. UDALL. Will the gentleman yield?

Mr. MATSUNAGA. Yes.

Mr. UDALL. I made a point in the debate last year, I don't have the language in front of me, but in the formal proclamation of the original guidepost there was some language permitting catch-up.

Mr. SCHULTZE. It isn't really catch-up, it has to do with employees who are grossly underpaid. It is a need basis, not a comparability exception, but it is in the cases of employees who are really very low

paid, where for straight equity and needs reasons there would be some argument for moving faster. This is an exception in the guidepost which you will find in the council's report but it is not in terms of comparability in this sense.

Let me make one other point, if I might, and it goes to an earlier part of your comment, Mr. Matsunaga. As to the fact of private employees outstripping the guideposts, now clearly there have been cases where this has happened. We just cited one.

But again I turn to the statistics on one major area of the economy at least, manufacturing, from January to January the straight increase in wages was about 2.7 percent, not 4-something. If you go to construction wages, they go on up more than that. If you go to retail wages, slightly more than the guidepost.

I didn't figure manufacturing as going beyond that. It is not for me to predict they won't, but it is not as a general rule, even though admittedly there have been a number of exceptions.

Mr. MATSUNAGA. These exceptions will continue so long as profits of corporations show as it has shown in the past years, to increase by as much as 60, 70 percent. So long as these profits are allowed to continue, labor is not going to sit still. It is going to demand a fair share of the profits.

So that the guideposts, as we have established, for Federal employees will mean nothing to them. They will continue to demand, unless we do something about having the corporations throw back into the Federal Treasury some of that enormous profit which they are making.

Would you care to comment on that?

Mr. SCHULTZE. First, 48 percent comes back now. Secondly, with the acceleration in the payment of corporate taxes just gotten through the Congress, an additional chunk will come back over the next 2 years as we speed up the collection.

Thirdly, as I indicated earlier, the major point to which the guidepost is addressed is not profits but prices. The other side is wages. If you look at industrial prices you will notice that while they have risen, they have risen very slightly compared to any prior experience of such prosperity.

So it is true that profits have risen, but by far the largest increase in profits has been due to an increase in volume, not to an increase in prices relative to wages.

Mr. OLSEN. Will the gentleman yield at that point?

Mr. MATSUNAGA. I yield.

Mr. OLSEN. You say an increase in volume. Are you talking about productivity?

Mr. SCHULTZE. No; just a straight increase in volume. In other words, with the same profit margin if you produce more you get a higher profit. The economy as a whole has been rising at about 5½ percent a year. In the industrial sector it has been rising at a somewhat faster rate over the past 3 or 4 years. If you put these 3 or 4 years together you have got something in the neighborhood of 15 or 20 percent margin. With higher volume you do, of course, get more absolute profit.

Now profit margins have also risen slightly, because higher volume tends not only to give greater output but more efficiency, you spread your overhead. You bring up an important point.



Mr. MATSUNAGA. As an economist, what would your opinion be relative to the effect on the economy if we should impose greater taxes, higher taxes on corporate profits at this point?

Mr. SCHULTZE. At this point, barring the question of whether we should or not, just what would be the effect? I think the effect would be presumably by some unknown amount to probably reduce corporate purchases of plant and equipment, probably reduce dividends. Those would be the two major factors involved. Both of these would operate with a lag. You won't see the effect for some period of time. How long a period of time I don't know, but it might be 6 months to a year.

Mr. MATSUNAGA. If you were to make a choice of letting profits go as they are, keep on rising, and more or less assume that corporate business will continue its investments for expansion of business, greater volume, and imposing heavier corporate taxes, with the assumption that a little more taxes won't hurt the corporations that they will continue to expand maybe. Which would be the wiser choice to make.

Mr. SCHULTZE. Well, I would say at the present time—well, let me back up a little bit, if I might. The——

Mr. UDALL. Before you do, the gentleman's time has expired. I am next but I yield the gentleman from Hawaii 2 minutes of my time. You may proceed.

Mr. SCHULTZE. I'll try to do this within 2 minutes. The 1967 budget, taking both the expenditures and the tax proposals, which has just come through the Congress, shifts. In other words, the taxes and restraints of expenditures is such as to shift in one period from a 6.9 billion cash deficit, to a small surplus—a \$7 billion fiscal swing.

We will just be beginning to feel this, because we are getting a \$6.9 billion deficit with Vietnam now, and the impact of taxes outside of Vietnam won't be seen for awhile. We are, therefore, already getting a fiscal movement, substantially a \$7 billion restraint, if you will, on the economy from fiscal policy.

At the moment under conditions we know of right now—conditions may change, but at the moment I would not recommend further tax increase, either personal or corporate.

Now, as the President has indicated innumerable times, he is prepared to act almost immediately, if conditions in Vietnam or the inflationary situation should change. The Congress, at least, if the recent taxation is any evidence, is prepared to act very quickly, but I think we have to be careful not to jump into this too fast, because you have to take into account the fact that, in a sense, a large part of the worst impact of Vietnam expenditure and the order of increase you are feeling now, whereas the budget is going to be biting more heavily—exercising more restraint on the economy—as you go through time.

Mr. MATSUNAGA. Of course, in putting this question to you, I did not mean to infer that we have an immediate need for more money to bring Federal employees to comparability. This is a matter of future concern to us.

Mr. SCHULTZE. The response to that is I don't think we need to change our tax structures for that.

No. 2, apart from the fiscal impact of putting more money into the pay package, there is, of course, a guidepost problem of doing so. So I would not say that that would be an appropriate way to do this. You still have the guidepost impact.

Mr. MATSUNAGA. Taxes can always be repealed, too, as has been experienced this year. Even before the tax cut went into effect.

Mr. UDALL. The gentleman's time has expired. Mr. Schultze, I want to compliment you as one of the new breed of the profession. Your profession has been known at times as the dismal science, but people like you and Kermit Gordon have come before the people and explained some of these tools we have been trying to work, in the recent years.

I want to compliment you on your very lucid presentation. It was most interesting.

Mr. SCHULTZE. I might say, in response, I found one of the best explanations of what economics is about from one of your newsletters.

Mr. UDALL. Thank you, sir. One of the great problems raised here is this whole business of linkage.

Congressman Olsen brought out the fact that the postal clerk and the letter carrier are, in a sense, unique. Certainly they walk up and down the street and deliver things, which is a manual chore. But these people have to know 900 pages of regulations. They are public relations representatives of the Government. They touch every home in the country. In a sense, they are quite a specialized clerical and professional or subprofessional-type person. They have been related to the people in GS-5, somewhat arbitrarily.

There were some reasons for doing it this way, but one of the strongest points in Mr. Keating's testimony the other day was a table of national comparison of step 7 letter carriers, who 16 years ago, were slightly ahead of petroleum workers, glass furnace workers, and motor vehicle workers.

Sixteen years later we find that the step 7 letter carrier is about 13 to 15 percent behind these people, which calls into question the whole concept of linking them arbitrarily to GS-5. Mr. Keating brought an ad with him from Oakland, Calif., which showed that a streetsweeper can start at \$490 a month. At the same time, the post office there is very desperately trying to get letter carriers for \$431 a month.

Would you have any objections to this whole concept of linking the clerks and the carriers to GS-5 to see whether the passage of time has rendered this obsolete, and whether we ought to link them to something else?

Mr. SCHULTZE. Two points on that, Mr. Udall. As I have indicated, we are prepared to join with the committee in examination of the whole comparability problem. This obviously would be one of the things you would take a look at, one of many. But it would be one of the things you would take a look at.

I would also like to point out that that is one of the problems with comparability. You have to be fairly comprehensive in your examination of what rates you link to and what comparisons you make, because, of course, it is always possible to look at certain groups that will always be above Federal employees and other groups who will always be below. And reasonable men can argue about whether the higher or the lower group should be the one to make the link to, but you have to go across the board and examine it very carefully.

Let me again point out that, in the case of the carriers, there have been in the last 3 years substantial improvements in their salaries and salary schedules. You will recall, of course, that some time ago the



going to 12 steps made a major difference. The time between step increases was changed to give an advantage here. Again I am not arguing against that. I am saying that there are a number of things that have been done to take account of the things you have mentioned.

But, in the comparability review, you would want to review the whole thing.

Mr. UDALL. Precisely. You certainly won't object to reviewing, as part of the whole review, this concept of linkage and to whether we have acted properly in linking the PFS-4 people to the GS-5 people?

Mr. SCHULTZE. No, I would agree. That is one of the things you would want to look at.

Mr. UDALL. You won't prejudge?

Mr. MORRISON. Would the gentleman yield?

Mr. UDALL. I am going to yield the gentleman 10 minutes. I had one final comment. If you have something on this, go ahead.

Mr. MORRISON. While we are on comparability, I think we can unduly whip this horse named "comparability" all over the lot. It just depends on who has got the switch and who is chasing the horse at that particular time. I think that the matter of comparability depends upon where you are, and where you are looking to. One person's viewpoint of comparability can be different from a person's in another position.

The world situation that confronts us today, domestically and otherwise, both from the Government standpoint and from a business standpoint, makes a situation that is very difficult. Some would say it is almost impossible to deal with.

I think that these gentlemen have put forth a fine and sincere effort, as is humanly possible for any group of men to put forth with all the sincerity and dedication that they possess. Viewing the overall situation, what they had to work with, the circumstances under which they had to work, the recommendation that they have made and what they have put in the budget seems reasonable. Many other people maybe could arrive at a different conclusion and may have been on a solid foundation.

That is certainly a realistic and a sincere approach. Frankly, I think you have done a magnificent job.

Mr. SCHULTZE. Thank you, Mr. Morrison. May I make one comment?

Mr. UDALL. Yes.

Mr. SCHULTZE. I think this would be an appropriate time to point out that, as the gentlemen know, one of the requirements of the 1962 act is that we consult with employee organizations in making up our comparability report, and so on, and we did so this year.

I just wanted to point out that these gentlemen with whom we consulted did a magnificent job. They presented the views of their members extremely forcefully, extremely well. They didn't agree with us, but they couldn't have been more gentlemanly, and at the same time they couldn't have been more responsive in recognizing the problems that the President was faced with.

Now, obviously, this is a situation in which different points of view have to be brought out, but I think this is an appropriate time to say that all of these gentlemen have done a very good job in presenting very forcefully the views that their members had, and, at the same time, were appreciative of the problems that the President had.

Mr. MORRISON. You gave them that opportunity to state their full case?

Mr. SCHULTZE. That is correct, sir.

Mr. MORRISON. And to state what the responsible leaders of their organization felt was their position.

Now, they all had that opportunity, didn't they?

Mr. SCHULTZE. Right.

Mr. MORRISON. Was there any organization or any member representing an organization that asked counsel with you, that was refused?

Mr. SCHULTZE. Not that I know of. This was informally.

Mr. MORRISON. They had their "day in court" and had an opportunity to express their problems, as well as their views, and also their recommendations?

Mr. SCHULTZE. That is correct, sir.

Mr. MORRISON. You got a complete understanding of the situation that they faced and were aware of their side of the coin, by meeting with them and letting them have an opportunity to give their complete side of their picture as they saw it?

Mr. SCHULTZE. That is correct.

Mr. MORRISON. And no organization was refused an audience with you?

Mr. SCHULTZE. To my knowledge, none. I think we sent out 40 copies of the report, wasn't it?

Mr. JONES. Yes.

Mr. SCHULTZE. To various employees' groups asking for comments. Now, we obviously didn't see all 40, but we talked with a large number and didn't refuse anyone who asked. They were very fruitful. As I say, they earned their money. They did a good job.

Mr. UDALL. Will the gentleman yield?

Mr. MORRISON. I yield.

Mr. UDALL. I want to comment in conclusion that I think one of the most valuable aspects of your presentation here today is the defense of the comparability principle and your restatement of the administration's commitment to it, because it has been very disquieting for me to sit here and listen to testimony of the employee organizations for the past few weeks on this comparability principle.

We have something that I think is quite precious and a great step forward. When I first came to this committee, we argued each year about the cost of living and what other people were getting elsewhere and how much it took for workers to live, and so forth. There was really no standard. The standard might be need; it might be what someone else has; it might be political pressure, whether in an election year or not. But finally we got a standard that at least people could agree on and support, and it raised the level of these annual discussions several notches.

It was disquieting to me to have major organizations come in here and say that comparability is dead, and that we are going back into the swamp where we had been previously. I hope that we can, as I said earlier, save comparability. The best way to save it is to find the time as soon as possible when we get full comparability in every grade, then set up some machinery to keep it that way.

I wanted you to know of my concern. You have done a real service here today in a very forceful statement in perhaps saving this principle



and not leading workers to believe that it is dead, it is a phony, and it won't work.

Mr. MORRISON. Will the gentleman yield?

Mr. UDALL. The gentleman still has the time.

Mr. MORRISON. The extremely complicated nature of comparability is kind of like all the churches that we have. They all try to lead up to heaven, but some want you to take different roads.

All of us that have responsibility where matters of comparability are involved, all believe in the principle. It is just a question of what road you take.

I certainly want to commend the chairman for making the point here that comparability is very much alive. I hope to have a concerted effort to try to achieve the best degree of comparability that is humanly possible to achieve.

Like I say, I was in Congress a little over 23 years before this committee even was originated. I was on the Civil Service Committee, and we were wrestling with comparability then, trying to do so many things that comparability directly or indirectly affected. When the committee emerged, we kept on with comparability. I think it behooves all of us to continue. I certainly will argue with anyone from my standpoint. I think we have made progress. I don't think we have got the result we hope to obtain, but we have certainly made progress.

Mr. Chairman, I thank you for saying that it is not dead. The comparability horse is not dead.

Mr. UDALL. The chairman believes that the gentleman from Louisiana is probably more on the road to salvation than any member of this committee, but his time is expired and the Chair recognizes the gentleman from Montana.

Mr. OLSEN. I didn't bring the horse into this.

Mr. MORRISON. You know you have got a lot of them in Montana.

Mr. OLSEN. Yes, but I can't help but bring to mind this business of saying to the Federal employees, "Next time we will get comparability." But it is much like saying, "Live old horse, and you will eat corn." Keep that promise.

Mr. SCHULTZE. We do have the history of the horse having eaten corn. Maybe this year the corn isn't quite as much, but there has been a good bit of corn—\$3 billion worth.

Mr. UDALL. In Brooklyn they used to have a slogan when the Dodgers would blow it in the last week, "Wait until next year," and the storekeeper had a big sign, "This is next year."

Mr. OLSEN. I wonder if you would address your remarks to the observation that at least one newsman has made, that heretofore the issues of pay and health and retirement have been separated. The employee groups had an opportunity to come in and get perhaps more than one chance at achieving better working conditions, better pay. Why do you put it all in one package this year?

Mr. SCHULTZE. Partly a confession that emphasizes this year maybe we should have done it in prior years.

Mr. OLSEN. Is it an effort to hold them back? Is it an effort to have a more firm control over the Federal employees?

Mr. SCHULTZE. No, sir. The main point is that we think the relevant thing to look at is the total compensation of the Federal employee.

Mr. OLSEN. These retirement benefits aren't going to contribute to inflation?

Mr. SCHULTZE. No, but it depends when they are paid, obviously, when they are paid in the direct sense. Even there they need not contribute to inflation, if they are within appropriate bounds. But I think the major point here in the private sector of the economy, I think quite appropriately what we look at, and what more and more corporations are looking at, is the total compensation package.

Obviously, you have all kinds of operations involved as to how much total compensation should go into pay and how much in fringes. It is all pay.

Mr. OLSEN. I had the thought that, because retirement and health benefits are certainly deferred compensation, that they don't contribute to inflation, that we could at least make a genuine attempt to get comparability for Federal workers.

Mr. SCHULTZE. Well, the latest, admittedly out of date—but the latest complete survey we have on this—shows that fringe benefits as the percentage of pay, is almost precisely the same in the case of the Federal Government as with private employers. Now we are moving up.

Mr. OLSEN. I think one newsman said that, at times, public employees had had an opportunity to maybe get a little bit ahead of the private sector in the field of health and retirement.

Mr. SCHULTZE. In some aspects, they are ahead, and in some they are behind. On balance, it appears that they are about even. But all compensation enters into both the private sector and the public sector.

In terms of looking at an employee's benefits, both his paycheck and his fringe benefits, we think it only fair, both to us and to him, if they all be looked at together, because they are both costs to the Federal Government, just as they are both costs to the private employer, particularly in the case of the guidepost, for example—all costs go into that 3.2 percent.

Mr. OLSEN. But not management costs. You see, you have made two distinctions for your men; you have put management into the guidelines.

Mr. SCHULTZE. Well, as I say, the difference isn't anywhere near as great as might be indicated from the comment, I think. I indicated earlier, this runs way up the line into management. I admit it doesn't cover the top of the cream.

Mr. OLSEN. Now, is there any significance to the fact that the President's message doesn't mention insurance?

Mr. SCHULTZE. No special significance; no, sir. By that I mean that essentially what the President's message does mention are those aspects of retirement and other benefits which we are recommending.

Mr. OLSEN. He mentions health and retirement, but he didn't mention insurance, and I wondered if that was a nod to the Senate to go ahead and pass their insurance bill?

Mr. SCHULTZE. No, sir.

Mr. OLSEN. Is there any objection to the Senate insurance bill?

Mr. SCHULTZE. I would say at this time it would add on to the total package and we don't believe the total package should be increased.

Mr. OLSEN. Then do I take it that you do object?



Mr. SCHULTZE. Well, I said it backwards; but, yes, sir.

Mr. OLSEN. I have no more questions.

Mr. UDALL. The gentleman from Alabama is recognized.

Mr. BUCHANAN. Yes, sir; thank you, Mr. Chairman. I am intrigued with all of this talk of horses and heaven.

Mr. UDALL. The gentleman is an authority on both subjects, I understand.

Mr. BUCHANAN. I am reminded, Mr. Chairman, of the time when I was the principal speaker at the vacation Bible school commencement program of a certain rural Negro church in the South. The minister, a man rich in years, with gray hair, was a man filled with wisdom. I was riding on to the church and we passed all kinds of people getting out their fishing poles on that Sabbath afternoon, working in their yards, and doing all other things in violation to the Sabbath, according to the minister's outlook, and mine, for that matter. He looked at them and shook his head and said, "These people remind me of an old mule who is hitched to a grinding mule. That old mule thinks probably he is going to town, but he is not ever going to get there, because what he is hitched to isn't going to town. These people may think they are going to heaven, but they are not, because what they are hitched to isn't going to heaven."

I mention that because I think some of the employees' organizations feel the same way about the comparability principle at this point.

They feel they have been going around in circles with a donkey. But I would mention, seriously, that, although we may be taking as circular a route as some people are apparently taking to heaven, there seems to be in this testimony a continuing commitment to the principle.

I would join myself seriously to the remarks made by the chairman earlier as to the value of retaining the principle, and thanking you for your indication not only of commitment and of willingness to review, and I would like to add a word of appreciation to those employee organizations who have, as you indicated, recognized the problems involved here and been willing to go along with what is a disappointment to them and what they would like to see more generous in its provisions of pay legislation this year.

Finally, I would like to thank you, sir, for your very effective presentation this morning and, to those of us who have some concern about the continuing expansion of the Federal establishment and some of the directions it has been taking, it is reassuring to know that there is a highly able and effective man in the field.

Mr. OLSEN. Would the gentleman yield to me before he relinquishes his time?

Mr. BUCHANAN. Yes, sir; certainly.

Mr. OLSEN. I have just one question regarding this proposed joint undertaking.

Mr. SCHULTZE. Yes, sir?

Mr. OLSEN. I agree that it shouldn't occur until after we have disposed of this legislation that is before us, but I wonder if it would be possible and within your contemplation that we plan to have this joint undertaking immediately after this legislation is passed?

Mr. SCHULTZE. I see no reason why that won't be possible. That obviously depends on the committee's convenience.

Mr. OLSEN. Is it possible from the point of view of the Bureau of the Budget?

Mr. SCHULTZE. I see no reason why—I will answer it yes.

Mr. OLSEN. Thank you.

Mr. BUCHANAN. I think it would be appropriate that my time should close with us becoming joint undertakers.

Mr. SCHULTZE. I might suggest, Mr. Chairman, that, after this talk about religion, instead of having a conference on comparability that we might have an ecumenical council.

Mr. UDALL. The gentleman from Hawaii is recognized for his contribution to this discussion of theology and livestock.

Mr. MATSUNAGA. Upon the suggestion of the chairman, I am reminded of the story told by Bob Sykes the other night about a member of the Ku Klux Klan having gone into the next world and gone up to the pearly gates, and knocking at the gate, kept on knocking, no answer. Finally the answer came and a voice said, "Who dat?" And the Klansman said, "Oh, never mind."

Mr. Schultze, you make a very good argument for a case of applying varying percentages to the increase in salaries. But then you point out that, even if an increase of 3 percent at GS-18 were made, this would push their grade above the current \$26,000 rate for executive level 5.

It has been proposed by representatives, at least one representative of the employee organizations that a 3.2 or 2.9 percent be applied across the board for an increase. What is your reaction to this?

Mr. SCHULTZE. My reaction would be essentially that, again, given the restraint of the total package, this would bring us further away rather than nearer to comparability, because it would skew the distribution further away from the comparability line than would be the case with the proposals the President is recommending. In other words, it would tend to give less pay increases in the areas we have recommended, where the gap is largest, and more in the area where the gap is small, less, or nonexistent.

Mr. MATSUNAGA. Isn't it true that, with the same percentage, the dollar increase at the higher levels would be much, much greater than at the lower levels?

Mr. SCHULTZE. This, of course, is true, but, if that is applied to its logical conclusion, then the basic salary structure would over the years just compress in terms of differential, necessarily.

Mr. MATSUNAGA. I am not such a strong believer in comparability as probably the chairman of the subcommittee is, because I feel that in private industry the lower levels are sorely underpaid, and if we try to gage our policies in accordance with private industry at the lower levels, I think we are making a mistake.

At the lower levels, I think the Federal Government ought to set the standard of comparability and let private industry come up to comparability with the Federal Government.

Mr. SCHULTZE. There is a large question of whether they would, and, secondly, of course, in terms of recruiting problems at the middle and upper grades, this gain applied over the years would place all sorts—

Mr. MATSUNAGA. Of course, we are having great problems, as I understand it, recruiting letter carriers and postal clerks at the lower levels.



Mr. SCHULTZE. I have no evidence of it. I have heard that it is the case in some places, but I have no specific evidence of it. I have heard that it is. I can't comment too knowledgeably on that. I think Mr. Murphy would be better to comment.

Mr. MATSUNAGA. But you would strongly object to the 2.9 percent increase across the board, or would you just mildly object?

Mr. SCHULTZE. I would strongly object. Let's put it this way: This is a matter of weighting objection. How do I weight this? Clearly, the most important central point from the President's standpoint with respect to his whole economic problem is keeping the package within the guidepost. It is clear that the package can be kept within the guidepost, if you have a straight flat wage increase.

In all honesty, that is the case, so that the principle, the strongest objection, would clearly be to breaking the guidepost.

I think, however, as far as the administration is concerned, we would also object to a flat increase in the sense that it does skew us away from comparability and establishes a principle which will make comparability even more difficult in the years ahead, if that principle is established.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

Mr. UDALL. We thank you, Mr. Schultze and Mr. Jones, for a very helpful morning here. I think you have enlightened the committee.

The subcommittee will meet again next Friday morning in room 215 and we stand adjourned until 10 o'clock on that day.

(Whereupon, the hearing was adjourned until 10 a.m., Friday, March 18, 1966.)





# FEDERAL SALARIES AND FRINGE BENEFITS

FRIDAY, MARCH 18, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10 a.m., in room 215, Cannon Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order for further consideration of legislation relating to Federal salaries and fringe benefits.

This morning we have scheduled seven additional employee organization witnesses to present testimony. If necessary, the subcommittee will have an afternoon session to complete the testimony.

The Chair recognizes that each one of the witnesses represents a large and important organization and we will take whatever time is necessary for the witnesses to fully present their statements and for members of the subcommittee to ask questions and clarify matters raised in the testimony.

The first witness today is Mr. Vincent E. Jay, executive vice president of the Federal Professional Association, who is accompanied by Dr. W. Brooke Graves, president of that organization.

Dr. Graves is here at the special request of the chairman to accompany Mr. Jay and to give us the benefit of his wisdom and advice.

Mr. Jay, we are happy to have you. You may proceed.

## STATEMENT OF VINCENT E. JAY, EXECUTIVE VICE PRESIDENT, FEDERAL PROFESSIONAL ASSOCIATION, ACCOMPANIED BY W. BROOKE GRAVES, PRESIDENT

Mr. GRAVES. Thank you, sir.

Mr. JAY. Thank you, Mr. Chairman.

Mr. Chairman, since we have a brief statement, I would like to read it into the record and then give an opportunity to Dr. Graves and perhaps myself to comment on various aspects of it.

Mr. UDALL. This will be entirely satisfactory.

Mr. JAY. Chairman Udall and members of the committee, my name is Vincent E. Jay.

I am executive vice president and legislative director, a volunteer officer, of the Federal Professional Association. I am employed by the Federal Water Pollution Control Administration, currently a constituent agency of the Department of Health, Education, and Welfare.

I am honored and pleased to have with me our distinguished president, Dr. W. Brooke Graves.

Dr. Graves is an internationally recognized authority on U.S. Government. He teaches as an adjunct professor at American University and is a career professional in the Legislative Reference Service of the Library of Congress. He has written extensively on State and local government and intergovernmental relationships. Dr. Graves and I are on annual leave.

Our consultant, the Honorable Robert Ramspeck, is in the South visiting relatives, so could not be with us today. As you know, Mr. Ramspeck served with distinction as chairman of the House Civil Service Committee and the U.S. Civil Service Commission. He continues to serve his country in many ways. I am happy to extend Bob's best wishes to all of you.

We appreciate the opportunity to testify before you on behalf of our members, who are managerial and professional employees in the Federal service, on the subject of compensation. We are particularly grateful to you for your wise and valiant efforts on behalf of comprehensive and just pay legislation in the first session of this Congress.

Each of you made significant contributions to the overall effort. Your constituents back home, and the public in general, should applaud your conscientious and determined effort to design pay legislation that will promote efficiency, effectiveness, and excellence in Government.

Your work on compensation problems will literally determine the caliber of professional employees that the Federal service will be able to attract and retain.

Today, when the very future of our great Nation and the world rests upon the knowledge, ability, and morale of the professional staff of the Government, no duty requires more conscientious attention nor carries greater responsibility than yours.

It is in this context that we urge you to stand by the President and approve his request for a graduated percentage pay increase, as presented to you by the Honorable John W. Macy, Jr., Chairman of the U.S. Civil Service Commission, and others representing the administration.

That this proposal is only a modest step in the direction of reducing the comparability gap for the middle and upper grades is clear from the comparison table made available by Mr. Macy, which shows the ever-widening gaps, beginning at 8 percent for GS-9 and extending to 20.1 percent for GS-18.

Obviously, additional and substantial graduated increases will be needed in the upper grades to close the gaps. And it is important that we remember that it is in the middle and upper grades that the real problem of retention of quality manpower exists.

We trust that there will be a series of graduated percentage increases forthcoming from the White House and the Congress in the immediate years ahead in order to achieve full comparability for all Federal employees.

Because of the critical nature of the present gaps, we urge that the effective date of pay legislation now being considered be no later than the first pay period following enactment.

We desire, again, to urge adoption of the so-called Udall amendment. "The Joint Annual Report on Federal Statutory Salary Systems," submitted to the President by the Director of the Bureau of the Budget and Chairman Macy, states that—



Although GS-16, GS-17, and GS-18 rates trail further behind the comparability pay line rates than do rates at any other grades, they cannot now be appropriately adjusted without exceeding the current rates of higher executive levels.

The report goes on to say:

The problem can best be met by statutory creation of a new machinery for rationalized movement of executive, congressional, and judicial salaries in relation to the needed movement in the highest career salaries.

You favorably reported and the House passed the "Udall amendment" in the last Congress. If my memory serves me correctly, none of the Members of the Congress who supported this amendment and the pay increase for the Congress was defeated in the election that followed that enactment. In fact, one of the severest critics of the amendment and the pay increase was nearly defeated, and won by a very narrow margin after a recount.

We continue to support this principle, and postulate that it is now more vital to equitable pay adjustments than ever before. We urge you to increase the percentages allotted to GS-16 and above, adjust executive, congressional, and judicial salaries according to the President's graduated percentage formula, and implement the "Udall principle" machinery now.

Another recommendation we strongly endorse is the granting of authority to the President to review and adjust civil service pay annually, subject only to congressional disapproval.

This provision is important to upgrade congressional actions and status. Every chief executive in private enterprise has this authority, and most of them do not even require the approval of their directors.

We have heard the Congress referred to often as the "Board of Directors of the U.S. Government." We agree with this concept and urge the Members to take this opportunity to free themselves of minutiae. We strongly recommend that you divest yourselves of the mechanics of routine annual review and adjustment of civil service pay, while still retaining effective control over it, as an essential step in the direction of improving the efficiency and prestige of the Congress.

In summary, we highly commend you for your work on the difficult problem of proper pay in the Federal service, and we urge you to pass pay legislation which will provide—

1. A graduated percentage pay increase designed to reduce the comparability pay gap for all grades.
2. Presidential authority to review and adjust civil service pay annually, subject only to congressional disapproval.
3. Adoption of the Udall amendment principle establishing an automatic increase in executive, congressional, and judicial salaries at the time of, and in proportion to, increases approved in the highest civil service grades.

We wish you early success in the passage of equitable and just pay legislation for all Federal employees, for the welfare of the Nation.

Mr. UDALL. Thank you, Mr. Jay.

We will be happy to hear from you, Dr. Graves.

Mr. GRAVES. Mr. Chairman, I will make just a very brief statement.

Of course I endorse the proposals and the views expressed in the statement just presented by Mr. Jay, but I might add that my own association with the Federal service goes back something like 25 years.

I first came into the service at the beginning of World War II. There had not been at that time, for a number of years, any increase in the pay rates of Federal employees. Such an increase was long overdue.

The Congress responded during that war period to this need in a very satisfactory manner, as it has done in the last 2 years, and were aware of the problem and tried to do something about it, but the procedure then was the across-the-board increase for all grades, perfectly level arrangement.

Congress knew and we realized that this wasn't the way to do it, but we didn't know how to do it.

Now, in these past 25 years we have equipped ourselves with new tools and this comparability plan which has been enacted by the Congress and which has the full and complete backing of the administration, as well as of the great majority of Federal employees.

The point that I would make is simply this: That, at this stage of our development, it would be a tragic mistake to go back to the old, flat-rate, across-the-board increases in Federal salaries.

Mr. UDALL. I thank you for that comment.

Mr. JAY. Mr. Chairman, at the very beginning of the hearing this morning I was given some additional information that I think might be of significance.

Many of the members of your committee have asked in the past for specific examples. If I might read this into the minutes, sir——

Mr. UDALL. Proceed.

Mr. JAY. There are two parts to this.

One is taken from the College Placement Council, which includes the placement officers of 110 colleges and universities from coast to coast. They have compiled statistics for their survey of beginning salary offers. The following figures are taken from this report No. 2, dated March 1966.

The degrees are shown and I will just read the heading so that we can follow this proposal.

Mr. UDALL. The Chair would direct that the entire tabulation appear in the record of these hearings following your testimony and you can summarize it if you wish.

Mr. JAY. Fine. Thank you.

The summary shows that for a B.S. electrical engineer, the average industry offer is \$668 a month. The Government top-of-the-class offer is \$608 per month.

For the M.S. electrical engineer, it shows \$804 as the industry average offer, \$665 for the top-of-the-class Government offer.

For a Ph. D. electrical engineer, the average industry offer is \$1,182. The Government offer for the top of the class is \$885.

The second piece of information has to do with the recruitment experience at the Naval Ordnance Laboratory at White Oak, Md.

To fill approximately 50 billets from January 1 to March 11, the Laboratory made 140 offers. Twenty-three offers were declined almost immediately. There were total acceptances of 20, total unanswered 97, and their experience is that very few of the latter ever come through.

As of the same date of last year, 114 offers were made. In other words, it was not necessary to make as many offers. The declinations were 13, acceptances 17, and total unanswered 84.



The above shows that of all responses received, acceptances are presently running at 46 percent, as compared to 57 percent last year.

The cancellation of recruiting visits is also significant. Last year if four or more students signed up for an interview, a visit was made. Otherwise it was canceled. This year if as many as three students wished to be interviewed, the visit was made. Only if fewer than three students show interest is the visit canceled.

It is interesting to note that last year, eight recruiting visits were canceled. This year that number of cancellations was doubled because of student lack of interest in Federal employment.

(The information referred to follows:)

#### THE PROBLEM OF RECRUITMENT

The College Placement Council, which includes the placement officers of 110 colleges and universities from coast to coast, has compiled statistics for its Survey of Beginning Salary Offers. The following figures are taken from the College Placement Council Report No. 2, March 1966:

Degree and course	Industry average offer (per month)	Government top ¼ class offer (per month)
B.S., electrical engineer.....	\$668	\$608
B.S., mechanical engineer.....	661	608
M.S., electrical engineer.....	804	665
M.S., mechanical engineer.....	784	665
Ph. D., electrical engineer.....	1,182	885
Ph. D., mechanical engineer.....	1,116	885

U.S. Naval Ordnance Laboratory (White Oak) recruitment data as of March 11, 1966:

	Jan. 1, to Mar. 11, 1965	Jan. 1, to Mar. 11, 1966
Total offers.....	114	140
Total declinations.....	13	23
Total acceptances.....	17	20
Total unanswered.....	84	97
Recruiting visits canceled.....	8	16

The above shows that of all responses received, acceptances are presently 46 percent, as compared to 57 percent last year. Cancellation of recruiting visits is significant. Last year, if four or more students signed up for an interview a visit was made, otherwise it was canceled. This year, if as many as three students wish to interview, the visit is made; only if two or less students show interest is the visit canceled.

Mr. UDALL. Thank you, gentlemen. I would certainly like to commend you, Dr. Graves, and particularly you, Mr. Jay, for your efforts in trying to build a professional association of the kind you have.

I know there is a reluctance among the people of the kind you have in your organization to join what might appear to be a labor union, but your organization certainly has high professional standards.

It is in the best tradition of the doctors, the lawyers, the engineers, who have outside National, State, and local organizations, and if anything is ever to be done toward the goals that you seek, and these are goals that I support, it is only going to be through Federal employees in the managerial, professional ranks who are willing to

support organizations of your kind with their money, and their time, and their efforts. You have done a great service for the country and for the fine people in the middle and upper grades whom you represent, not only in your presence here today, but in many other effective efforts you have made that I am aware of.

Mr. JAY. Thank you, sir.

Mr. GRAVES. Thank you.

Mr. UDALL. With regard to your continuing support for the kind of automatic adjustments of congressional, legislative, executive, and, judicial top salaries, I hope that we will eventually achieve something of the kind that you advocate.

My own realistic judgment is that, until we have a little more bipartisan support for this appropriation, we are not going to achieve it.

Last year and the year before the ranking minority member of our committee, the gentleman from Pennsylvania, Mr. Corbett, the gentleman from Illinois, Mr. Derwinski, and others courageously and ably supported this principle. I have visited with the minority leaders of the House of Representatives and at the present time they are unwilling to make this a bipartisan effort. Nevertheless I still have hope that sometime in the near future we can have one last battle on this subject and permanently fix machinery which will adjust these upper grades and the top positions in the three branches of the Government, so let us not give up on this. There is hope.

Mr. JAY. Thank you, sir.

Mr. UDALL. It is apparent this year, with the budgetary situation and it being an election year, that there is very little hope for action of this kind, but I am not pessimistic about next year and the future.

I have one question on your statement. We have had considerable complaints here and I have received letters from middle and upper grade Federal employees protesting rather bitterly the proposal in this year's package to provide for involuntary retirement at age 55 with 30 years' service.

Has your organization taken a position on this proposal?

Mr. JAY. Sir, we testified with former Congressman Ramspeck representing us before the Cabinet Committee when it held its hearings on this subject and we opposed the 30-year retirement on principle both ways, whether the Government should have the option or whether the employee should have the option.

The Chairman of that committee, I think is Mr. Macy, asked Mr. Ramspeck what in his opinion was the purpose of a retirement system and Mr. Ramspeck replied that he felt that the primary purpose of a retirement system was to make it possible for someone who could no longer produce at the acceptable level of performance to retire; that this was the only purpose, as he saw it; that many people go on to the age of 70 or more and still are not anywhere near the retirement situation.

We subscribe to that theory, that concept, of retirement system and we see no reason why the Government should lose some of its very best people who will then leave Government after 30 years of service, maybe at age 55 or at age 60, and then go out to private industry and deny Government their services.

We think there is a great danger here of losing some of our most capable people.



Mr. UDALL. I appreciate your statement on this subject, although I am not entirely in agreement with it.

Mr. JAY. We recognize that it has to be a two-way street. Once the concept is accepted of 30-year retirement, age 55, it has to work both ways, I believe. I don't think it could be one way.

Mr. UDALL. Thank you.

The gentleman from Hawaii.

Mr. MATSUNAGA. No questions.

Mr. UDALL. Thank you, gentlemen.

We appreciate your appearance here this morning.

Mr. JAY. Thank you, sir.

Mr. UDALL. The next witness is Mr. Floyd Huffman, president of the National Rural Letter Carriers' Association, accompanied by Mr. John Emeigh, secretary.

Gentlemen, we are happy to have you.

**STATEMENT OF FLOYD E. HUFFMAN, PRESIDENT, NATIONAL RURAL LETTER CARRIERS' ASSOCIATION, ACCOMPANIED BY CAREY W. HILLIARD, VICE PRESIDENT, AND JOHN W. EMEIGH, SECRETARY**

Mr. HUFFMAN. Mr. Chairman, I am also accompanied this morning by our national vice president, Carey W. Hilliard.

Mr. UDALL. We are pleased to have him also.

Mr. HUFFMAN. We are pleased to have this opportunity to appear before this committee and discuss legislation under consideration. We appreciate the prompt scheduling of hearings by the chairman, Morris K. Udall and we are gratified that Chairman Dominick V. Daniels of the Subcommittee on Retirement, Insurance, and Health Benefits, and the members of that subcommittee are active participants in these hearings along with the members of the Subcommittee on Compensation.

We know the many days and hours of hearings that you have presided over.

The Salary Reform Act of 1962, Public Law 87-793, established for the first time a procedure which was intended to facilitate consideration and enactment of Federal salary legislation.

The comparability principle of that act mandated a responsibility to the administration to conduct the surveys, prepare the statistical data, and transmit recommendations to the Congress.

Hopefully, these recommendations were to propose changes in the salaries paid to Federal workers which would assure that those who labor for the U.S. Government would receive wages comparable to those employed in private industry.

The Bureau of Labor Statistics has conducted the annual surveys and the statistical data has been considered by the Bureau of the Budget and the Civil Service Commission. There is no need to burden this testimony with any of the BLS statistical data. These data are a matter of public record and have already been presented and discussed before this committee.

The procedures set forth in the 1962 act have clearly brought to the attention of all concerned the fact that Federal salaries do lag behind those in the private sector of our economy.

Under the comparability principle, Federal employees logically assumed that the procedures set forth, and the BLS data which has been provided, would result in legislative action to grant increases to both keep them abreast of the continuing rise and to close the gap of approximately 2 years which now exists.

Many in the Congress and in the administration have proclaimed the value of comparability and pledged to uphold it in principle and in fact. For one reason or another, however, Federal employees each year have been advised that "this is not the year."

When salary legislation was under consideration last year, John W. Macy, Jr., Chairman of the Civil Service Commission, in discussing the President's proposal before this committee, stated:

The proposal is not a catchup proposal in order to bring all of these schedules into line with comparability objectives. It is an interim adjustment. It is designed to offset the increases in the marketplace for private salaries between 1963 and 1964, as shown by the latest Bureau of Labor Statistics.

Now, 1 year later, Federal employees are again facing an "interim" adjustment. Once again "this is not the year." BLS data clearly disclose that Federal pay is lagging  $2\frac{1}{2}$  to 3 percent behind private industry rates as of March 1965.

This lag plus the estimated increase of at least 3 percent in private rates this year, would indicate that at least a 7-percent increase is necessary if pay comparability is to be achieved.

Members of this committee have recognized the justification for salary increases in line with the principle of comparability as obligated in the 1962 act. We very much appreciate the introduction of pay bills by Representatives Arnold Olsen, Dominick V. Daniels, Paul Krebs, James Hanley, and Glenn Cunningham, members of this committee, and others in the Congress who have introduced pay bills.

On behalf of our membership we thank these members for their interest and for sponsoring bills aimed at truly achieving comparability in pay for Federal workers. It is unfortunate that budgetary considerations, particularly in the light of the Nation's responsibilities in Vietnam, coupled with some very real inflationary trends, seem certain to prevent action this year to close the gap between Federal and private salaries.

We came here today to discuss pay in the hope that corrective action would be promptly taken to eliminate the present disparity. We recognize, however, that great strides have been made during recent years in the field of salary. We owe a tremendous vote of thanks to President Lyndon B. Johnson for both the personal interest he has taken and the constructive actions he has initiated in this field.

We are also grateful to this committee for the part they have played in previously approving and reporting legislation to accelerate the move toward comparability.

Addressing ourselves to the current salary proposals of the administration, we believe several factors should be given careful consideration.

Supplanting the comparability principle with the wage-price guidelines set by the Council of Economic Advisors, establishes a completely new set of rules and procedures.

The two basic methods appear to be mutually exclusive to each other and the effort to intermix the two gives rise to a bit of misunderstanding, if not outright confusion.



Comparability is based on the BLS statistical data relating private industry wage rates to those paid positions of similar rank within the Federal service. It has frequently been stated that no exact comparison is possible, but the formula followed since the enactment of the 1962 Salary Act has established a precedent for comparison which appeared to be working satisfactorily.

As we understand guidelines, it is a formula which ties wage increases to productivity. If comparability were achieved then the switch to the wage-price guidelines would be a far more convincing and valid move.

It is recognized that there is an approximate 2-year lag in bringing Federal pay rates up to those of private industry. The comparability data available at these hearings is that gathered for the calendar year 1964 and released by BLS in March 1965.

It is estimated that additional increases in private industry will approximate 3 percent per year. Information on recently negotiated wage contracts makes that estimate suspect.

Daniel L. Harbour, chief of the economic unit of the Bureau of National Affairs, speaking recently at an industrial relations conference sponsored by Chicago's Loyola University, predicted that the wage increases will average 9.5 cents per hour in all industries this year, 1 cent higher than the average in 1965.

We would point out that this prediction deals with wages only and does not include fringe benefits. And it might be worthy of note, Mr. Chairman, that in level 4, step 4, which seems to be the line of comparison for the large mass of employees in the Post Office Department, the 2.4 percent proposed increase for level 4 employees is 6.576 cents per hour, not the 9.5 cents.

The 2.85 average salary increase applied to step 4, level 4, is 7.8 cents per hour.

Despite these facts, the administration compensation proposal would grant a salary increase averaging 2.85 percent. This average increase is applied throughout the salary schedules in amounts ranging from 1 to 4.5 percent.

We can well appreciate the intent of this percentage spread, understanding that it is designed to grant higher increases to the upper grades where the comparability lag is alleged to be the greatest.

It is difficult, however, to rationalize that approach geared to comparability when, for all practical purposes, the pay recommendations are tied to the wage-price guidelines. If the purpose is not to disturb these guidelines, then it is difficult to rationalize that 4.5 percent in upper grades will not do so.

No one can question but that comparability is being shelved. If this is the case then it would seem far more realistic to at least effect the maximum increase within the range of the wage-price guidelines for the rank and file employees.

If the comparability distortions presently with us are not to be corrected, then surely consideration should be given to the dollar amounts involved. The wage earner in greatest need is the one in the lower levels of the salary scales.

The rising cost of living clearly indicates that it is the basic "bread and butter" items that are causing the wage earner's dollars to shrink.

Certainly if a sacrifice in salary dollars is to be made, it would be easier for the family where the breadwinner is currently enjoying an above average salary.

Additional dollars in paychecks for employees up to the middle grades would go for basic items of food, shelter, clothing, and the rising costs of other items of necessity. We believe this point should be carefully considered by this committee in approving and reporting the pay provisions of any bill.

Rural carriers, just as other Federal workers, take pride in playing the role of good citizens and dedicated, loyal employees. When sacrifices are necessary for the good of our Nation, for the protection of the American way of life, then we join with the public spirited throughout the Nation to make whatever contribution and/or sacrifice necessary.

If that contribution means restraint in an effort to stem the evil force of inflation, which in the long run is disastrous for all, then we endorse all restraints that are necessary.

We trust, however, that in the good judgment of this committee, and of the Congress as a whole, that fairness and equity in the matter of pay will be equated with the needs of restraint. We believe this could best be accomplished by effecting an across-the-board increase.

Mr. Chairman, although the 7 percent salary bills pending before this committee are unquestionably justified, it has been rather clearly indicated that this goal is unattainable in this session of Congress.

We urge the committee to carefully and seriously weigh all factors in making a determination of both the amount to be provided and the percentage applied throughout the salary schedules. We would hope that, in the good judgment of this committee, an amount higher than the 2.4 percent proposed by the administration for PFS level 4, the level to which rural carrier increases are equated, would be approved.

The members of the House Post Office and Civil Service Committee have demonstrated time and again that they have a serious, devoted interest in the welfare of rural carriers as well as all Federal employees.

We know the members of this committee fully appreciate the value and worth of the services rendered by Federal workers. We are also certain that the members of our association have an understanding of the problems which beset us as a nation, and we have a deep appreciation of the difficult and serious decisions which must be made by all Members of Congress as they exercise the awesome responsibility of serving the interests of all our citizens.

Immediate past history will show that the Congress has demonstrated concern for the pay, fringe benefits, and working conditions of Federal employees. We have no reason to believe that this interest is any less sincere today as the question of Federal pay is given consideration.

Whatever action is taken by this committee, and whatever salary increase may finally be approved by the Congress, will of course be accepted as a progressive move forward even though we may be traveling along the road toward comparability at something less than full speed.

If circumstances make it impractical to legislate the salary increases which we all know are fully justified to achieve comparability this year, then we do trust that pronouncements will be forthcoming to reaffirm the good faith and intent of the Congress to work toward that goal and achieve it as early as possible.



In closing these comments on pay, Mr. Chairman, we would like to comment on the administration's proposed effective date of January 1, 1967. There certainly would be no violation of the guidelines by an immediate effective date and, in our opinion, any increases approved should be effected promptly.

We recommend and urge the committee to provide an effective date no later than March 1, 1966, and, if I may now, I would like to ask our national secretary to comment briefly on fringe benefits.

Mr. UDALL. He may proceed.

Mr. EMEIGH. Mr. Chairman and members of the committee, first I want to state that we are very pleased that the President, in his message to the Congress, did make recommendations for improvements in the retirement and fringe benefit field. This is a part of the employment-benefit package which we believe should be improved as early as possible.

We submitted recommendations to the Cabinet Committee setting forth quite a number of liberalizations which we believe to be desirable and merited. The first recommendation, relative to civil service retirement, was that employees be granted the privilege of 30-year optional retirement on full annuity.

We are grateful that this long-expressed desire of Federal employees has finally won approval within the administration and that the President included this as one of his recommendations to the Congress.

We wholeheartedly endorse the recommendation for optional retirement at age 55 and urge this committee to provide this in any omnibus bill drafted and reported.

We also endorse and support the recommendation for a transfer-of-credits arrangement between social security and civil service retirement which would guarantee that retirement, disability, and survivor benefits would not be denied to those who die, become disabled, or leave Federal service before completing the 5 years of civilian service required to gain eligibility for benefits under civil service.

We also support the recommendation which would guarantee benefits at least equal to the benefits payable under the old-age and survivor disability insurance program to the social security system.

We made other recommendations to the Cabinet Committee which have not been proposed by the administration. Among them was the recommendation to grant a type of pay or retirement credit for unused sick leave at the time of retirement; another was to protect survivorship annuities in those cases where they are presently lost due to remarriage, and others.

As a part of this recommendation to the Cabinet Committee we also urged that the financial condition of the retirement fund be strengthened by a formula for increased contributions by the Government, designed first to recoup past losses due to the failure of the Government to make deposits; and, second, to provide a sound actuarial condition for the future by an improved method of financing, including an increase in contributions of employees, as necessary, to halt the increasing actuarial deficiency and to permit the liberalizations we recommend.

We still subscribe to the need for an improved financing. Whether or not the 0.5 percent being recommended by the administration is the proper amount rests with the good judgment of this committee.

Our membership, however, desires liberalizations in our retirement system and we are fully cognizant of the fact that the fund must be shored up by a more realistic funding procedure of its financial stability, even with present benefits, is to be maintained.

Under the administration proposal, the agencies of Government would also increase their contributions on an equal-share basis. We also endorse the proposal to vote appropriations for the retirement fund each time there are actions which would increase the liability of the retirement fund.

We were also grateful to note that the administration proposal gives recognition to the inadequacy of the present Government contribution to the cost of the Federal health insurance plans. This association has long urged that the Government's contribution be at least 50 percent of the premium costs.

Mr. Ewan Clague, then Commissioner, Bureau of Labor Statistics, presented data in hearings before this committee last year noting that one-fourth of the companies in the Bureau of Labor Statistics survey paid all the costs of health, accident, and life insurance plans, and that three-fourths of those with contributory plans paid more than half the costs.

The amount of the Government's contribution in the Federal health plans is currently tied to an amount not to exceed 50 percent of the lowest premium in the low option of one of the two Government wide plans.

Due to the fact that these low options are limited in many ways as to the dollar amount of benefits provided, they do not truly reflect the rising costs of health care. They cannot be compared to the high options which grant a type of open-end coverage—meaning the benefit structure is geared to assume both greater utilization by the insureds and the rising costs of health care incurred.

The low options, although they provide limited benefits, still appeal to approximately 15 percent of the enrolled insureds. Eighty-five percent of Federal employees have recognized the need for greater protection and have enrolled in the high options. The Government's contribution, however, remains tied to the low option formula and it completely fails to provide what we sincerely believe to be a fair sharing of costs in this important area of fringe benefits.

When the rural carrier benefit plan was established in July 1960, under the Federal Employees Health Benefits Act of 1959, the low option, self and family enrollment, reflected a 50 percent sharing of costs or \$6.76 per month for both the employee and the Government. Today those enrolled in this option pay 54 percent of the premium cost with the Government's share shrinking to 46 percent.

The high option of the rural carrier benefit plan received a 35-percent contribution by the Government when it was established in July 1960. Today, after the necessary rate increases, this contribution has shrunk to 28 percent. The proposed increases, as submitted by the administration, will help restore the balance.

It will fall short, however, of restoring the initial ratio of cost sharing, since rising health costs, plus constantly increasing utilization, will almost certainly result in further rate increases.

The net result, even after the second year increase proposed by the administration, will leave the Government's contribution to the high options at a percentage less than set in 1960, when the program began.



A desirable, immediate change, leading to an equitable solution would be to prescribe a percentage contribution for the Government in lieu of any stated dollar amount, tied to nothing less than 50 percent of the cost of the lowest premium in one of the two high options in the Government-wide plans.

Mr. Chairman, we recommend that the committee draft legislation to provide a Government contribution to the cost of the Federal health plans based on a percentage figure. This would be in keeping with the pattern which is followed in private industry.

It is vital that some action be taken and the course we have recommended would provide a more permanent type of cost-sharing arrangement which would restore the ground lost since 1960 and which would establish a more equitable funding arrangement.

One major item was conspicuous by its absence in the administration's proposals on fringe benefits. Employees have repeatedly urged that the Federal Group Life Insurance Act be liberalized to improve the important coverage made available in this valuable area of protection.

This association has testified before the Subcommittee on Retirement, Insurance, and Health Benefits, and urged the committee to approve H.R. 11879, the bill introduced by the chairman of the subcommittee, Dominick V. Daniels of New Jersey.

It would increase the amount of life insurance by 50 percent, set the reduction at age 65 or retirement at 1 percent per month, instead of 2 percent per month as at present, set the maximum reduction to a floor of 50 percent of the value of the insurance at the time of retirement, and would increase the Government's contribution to 50 percent of the cost.

The provisions of the Daniel's bill would, unquestionably, upgrade the status of the Federal group life insurance program in a manner that would make it one of the most important fringe benefits made available to Federal workers.

This association in endorsing and urging approval of this legislation, advised the committee that rural carriers were quite willing to pay their fair share of the costs to provide the important liberalizations which we believe should be provided to perfect this program.

We are urging improvements on an equitable sharing of the costs.

It is inconceivable that improvements in the field of life insurance could be inflationary. It is hoped that the committee will incorporate provisions of the Daniel's bill, H.R. 11879, in any bill to be approved and reported.

Mr. Chairman, members of the committee, we again want to express our appreciation for this opportunity to appear before you and to place the views and recommendations of the National Rural Letter Carriers' Association in the record for consideration.

Mr. UDALL. Thank you, gentlemen, for this helpful and effective presentation here this morning.

The gentleman from North Carolina.

Mr. BROYHILL. I would just like to join the chairman in welcoming Mr. Huffman and his fine organization to the committee. He has always in the past been very helpful and his advice is always listened to with care in this committee.

Thank you for coming.

Mr. HUFFMAN. Thank you, Mr. Broyhill.

Mr. UDALL. The gentleman from Hawaii.

Mr. MATSUNAGA. Mr. Huffman, do you have any members in Hawaii?

Mr. HUFFMAN. We do have, Mr. Matsunaga.

Mr. MATSUNAGA. About how many?

Mr. HUFFMAN. Eleven members.

Our concern is that there are not more rural routes in Hawaii. We wish that you would take an active interest in that, and we have a corollary interest in organizing the State. There has been some debate over who would go to Hawaii to do that task.

Mr. MATSUNAGA. You mean you are all afraid to go?

Mr. HUFFMAN. We cannot reach agreement on who will have that honor.

Mr. MATSUNAGA. You have 11 members, and your testimony will be forwarded to the 11 members, I take it.

Mr. HUFFMAN. They will receive it in our weekly magazine.

Mr. MATSUNAGA. Then I would appreciate your including my name after Mr. Daniels of New Jersey as having introduced the insurance bill.

Mr. EMEIGH. Mr. Matsunaga, we will be very pleased to do that.

Mr. MATSUNAGA. Mr. Huffman, I am thoroughly in agreement with you that we seem to be working with two inconsistent principles here, one the comparability principle, and the other the guideline called guideposts by the agency representative who appeared before us the day before yesterday.

I feel strongly, as you do, that the dollar amount is what is going to really mean something to those in the lower levels. If we have only a limited sum to distribute, at least an equal dollar amount should go to the ones who are really in need of that increased dollar income.

Mr. HUFFMAN. We appreciate your position.

Mr. MATSUNAGA. I would be happy to support your position. No further questions.

Mr. UDALL. Thank you, gentlemen.

The next witness is Mr. Michael Cullen, president of the National Association of Special Delivery Messengers.

#### **STATEMENT OF MICHAEL CULLEN, PRESIDENT, NATIONAL ASSOCIATION OF SPECIAL DELIVERY MESSENGERS**

Mr. CULLEN. Good morning, Mr. Chairman.

Mr. Chairman and members of the committee, by way of identification, my name is Michael J. Cullen. I am president of the National Association of Special Delivery Messengers. We are affiliated with the American Federation of Labor-Congress of Industrial Organizations and have been accorded national exclusive recognition for our craft by the Post Office Department under Executive Order 10988.

We appreciate the opportunity to appear before this committee to present the views of our members on the proposed legislation on compensation and fringe benefits as presented by the representatives of the administration.

We are not going to take the time of this committee to beat the apparently dead horse of comparability. Testimony of representatives of other employee unions have substantiated a good case for a far greater increase than the 3.2 provided in the administration's package.



The evidence submitted by these witnesses demonstrated the fact that the concept of comparability is a will-of-the-wisp which the Federal and postal employees will never capture as long as proposals to eliminate the lag have a built-in sag of 20 to 24 months.

This committee has been told by administration witnesses that the Vietnam situation dictates guideposts of 3.2 for Federal and postal pay if the Nation is going to avoid inflation. This is somewhat better than the treatment received by our people during the Korean war when proposed salary legislation was vetoed because it would start another round of inflationary spirals.

However, we find the administration's testimony hard to reconcile with statements recently made by Secretary of the Treasury Henry H. Fowler in Detroit. He noted that during the Korean war the overall Federal budget rose from 15 to 20.7 of the gross national product.

In the 3 fiscal years 1965-67, he said, the proportion of expenditures to gross national product will rise negligibly from 14.9 to 15 percent.

Be that as it may, we recognize, as did several of the other employee unions, the limitations and pressures that are being exerted on all concerned to hold the line on the guidelines of 3.2 percent.

It is not our intention to unnecessarily embarrass the members of this committee or the other friends of Federal and postal employees in Congress by asking them to vigorously oppose what we honestly believe is an unfair restriction.

On the proposed "package" we feel that the 2.85-percent increase should apply across the board and should be effective on enactment rather than on January 1, 1967, as recommended.

We endorse the principle of extending the minimum of social security benefits to Federal or postal employees with limited service and to their survivors. This should also apply to employees who leave the Federal service by a transfer of credit to the social security system on an equitable basis to the employee involved.

Our members have long supported the idea of optional retirement at age 55 with 30 years of service. We are happy to see this as part of the "package."

However, we do not agree with the recommendation for the agency to have the right to exercise the option for employees in GS-13 and above.

The proposal to increase the Government's contribution to the cost of enrollment under the Federal Employees' Health Act is a step in the right direction. However, it doesn't go far enough. The Government should undertake to pay at least half the cost of this program.

Although the administration's proposal did not include a statement on improvements in the life insurance program, we believe that this subject has a place in any "package" that this subcommittee considers. We fully endorse the provisions of the Daniels and Matsunaga bills to increase the amount of insurance to 150 percent of salary leveled off to the next thousand dollars; to reduce the diminishing factor from 2 to 1 percent a month and to set the floor on diminution at 50 percent of the original value of the policy. We also agree that the Government should pay its fair share of this program.

There is a further item that we solicit your favorable consideration of. That is an adjustment in the automotive maintenance equip-

ment allowance for special delivery messengers or other postal employees who furnish their privately owned vehicles, on an as-needed basis, in the special delivery service.

This allowance, first provided for in 1945 in Public Law 134, called for payment of 0.06-cent per mile, or 75 cents an hour. In 1948, Public Law 900 increased this allowance to 7 cents a mile or 90 cents an hour. There has been no subsequent change in this allowance despite the increases in all costs related to ownership, maintenance, and operation of a motor vehicle. We feel that an increase to 10 cents a mile or \$1.25 an hour is warranted as a matter of simple corrective justice.

Since privately owned vehicles are only used in the special delivery service to augment the Post Office fleet of vehicles and in emergencies when Post Office vehicles are not available, the cost of this increase would be minimal.

Last year the Post Office Department expended \$800,000 for vehicle hire under the maintenance equipment allowance of \$0.90 an hour. The requested adjustment would increase this expenditure by, \$311,000. We trust that you will see fit to include this item in your draft of the pay bill.

Although my prepared statement doesn't include it, we would like to go on record as endorsing the principle of time and a half for substitutes over 8 hours a day and we would like to oppose the proposal that was made to extend the workday over a 15-hour span.

The Public Law 89-301 limited the workspan to 12 hours and we feel that changing this to a 15-hour period would be a step going backward.

In closing, we wish to thank this committee for its past interest and concern for the welfare of the Federal and postal employees, and we are confident that this same interest will be demonstrated in its final determination on this matter.

Mr. UDALL. Thank you, Mr. Cullen, for your useful statement and for your help to the subcommittee.

The Chair admired your fast footwork of changing the Daniels bill on page 2 to the Daniels-Matsunaga bill.

Mr. MATSUNAGA. That is what you call reading between the lines.

Mr. UDALL. I thought it showed commendable flexibility under stress.

How many members in your organization?

Mr. CULLEN. We have 2,000 members, sir.

Mr. UDALL. The gentleman from North Carolina.

Mr. BROYHILL. No questions, Mr. Chairman.

Mr. UDALL. The gentleman from Hawaii.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

I, too, wish to commend you, Mr. Cullen, for your flexibility in reading your testimony.

How many members do you have in Hawaii?

Mr. CULLEN. We don't have any members in Hawaii.

Mr. MATSUNAGA. No members? That is your reason for the willing change in your prepared statement.

Mr. CULLEN. Anything you can do to help down there we would appreciate.

Mr. MATSUNAGA. We do have special delivery messengers.

Mr. CULLEN. They do have a few, sir.

Mr. MATSUNAGA. What organization do they belong to?



Mr. CULLEN. I believe if they belong to any organization they would belong to the National Association of Letter Carriers, although we have jurisdiction over them under the charter of the AFL-CIO.

Mr. MATSUNAGA. On the average you speak of the messenger using his own vehicle for delivery purposes. What compensation does the average messenger receive for this service?

Mr. CULLEN. It depends on the hours of use. In many post offices they use it on a standby basis. If there isn't a Government vehicle available they will use the messenger's vehicle at \$0.90 an hour. If he uses it for a whole day he may use it for 6 hours of the day which would give him approximately \$5.40. If he uses it for 2 hours it would be only \$1.80.

In most instances it is on an as-needed basis. If a truck breaks down or they need the truck for other purposes the messenger uses his own vehicle.

Mr. MATSUNAGA. It is purely on a standby basis, not on a regular basis?

Mr. CULLEN. In most instances it is on a standby basis.

Mr. MATSUNAGA. No further questions.

Mr. UDALL. Thank you very much.

Our next witness is Mr. Ashby G. Smith, president of the National Alliance of Postal and Federal Employees.

Mr. Smith, would you identify for the record the gentlemen accompanying you and proceed.

**STATEMENT OF ASHBY G. SMITH, PRESIDENT, NATIONAL ALLIANCE OF POSTAL AND FEDERAL EMPLOYEES, ACCOMPANIED BY WYATT WILLIAMS, NATIONAL VICE PRESIDENT, AND J. LEON HENDERSON, ADMINISTRATIVE ASSISTANT**

Mr. SMITH. Chairman Udall, members of the subcommittee, my name is Ashby G. Smith. I am president of the National Alliance of Postal and Federal Employees, an industrially organized union of Federal employees with 110 branches in the Nation. On my left is my vice president, Mr. Wyatt Williams; administrative assistant, Mr. J. Leon Henderson is on my right.

We maintain offices in our own building at 1644 11th Street NW., Washington, D.C.

Mr. Chairman, on behalf of our more than 32,000 members, I wish to thank this committee for the opportunity you have given us to appear before you to give our views on Federal pay and benefit proposals now before you.

I would also like to express the appreciation of our members to this subcommittee, the full committee and the members of the House for the valiant effort expended in trying to get meaningful Federal employee salary legislation through the first session of this Congress. We are aware of the conditions under which you labored, conditions which led to the emasculation of a significant pay bill.

In 1965 we received pay provisions that were so patently inadequate that even their proponents apologized for supporting them. These provisions were admitted to be woefully inadequate, not only in terms of what the employees need and deserve, but also in terms of Congress and the administration's 1962 commitments to the principle of comparability.

Along with this 1965 salary bill we received promises that adequate adjustments would be made "next year."

Gentlemen of the committee, as we come before you today, this is "next year" and we are here asking for a redemption of last year's promissory note.

In the 1960 pay raise effort this union introduced, at a hearing of this committee, the concept that the pay received by Federal employees must bear some significant relationship to the growth of the Nation's economy and to the employees' contribution to that growth. We have not retreated from that position.

In our 1962 appearance before this committee we documented the manner in which the salary of the postal worker had deteriorated, vis-a-vis the salary and wages of other workers in our economy, between the years 1935-59.

We demonstrated the 1950-60 lag in postal salaries as against the increase in every significant economic indicator. During this period the gross national income increased 72.6 percent; gross national product, 76 percent; Nation's disposable income, 70.5 percent; and per capita consumption expenditure, 41.6 percent. At the same time the salary of postal employees advanced only 28 percent.

This means that during that decade the share of the Nation's goods which were within the reach of the postal employee was actually diminishing, his economic status in our society was being eroded.

This, as we pointed out, was occurring at a time when the value of the mail service to our national economy was increasing, when the mail volume was, to use a post-1960 term, escalating, when business mailing was becoming a vastly predominant part of total mailing, when population growth and the emergence of sprawling suburban areas created new complexities in the distribution and delivery of mail.

If this, in 1962, was the position of the postal employee, the classified employees of the Federal Government, enjoying only the after-benefits of the hard-won gains achieved by the postal unions, were in an even more pathetic condition.

As a result of our 1962 study, the National Alliance of Postal Employees embraced the principle of comparability proposed by a friendly administration and approved by a friendly Congress.

Taking cognizance of the years in which Federal salaries had deteriorated we recommend that for each of the years 1963 and 1964, salaries be increased by 7 percent, plus those years' accretion of industry's wage pattern changes.

This, we contended, would bring the Federal worker up to the starting line, even with our fellow workers in non-Federal jobs.

Given the advantage of the wisdom provided by hindsight we could see that the adoption of these proposals would have saved both of us from being in the embarrassing position that we are in in 1966, for this was our understanding of what comparability means. This is what it should be today, comparability not with what was but with what is.

We recognize the interim that occurs during the time figures are gathered, interpreted, tabulated, published, and legislation based on those figures, but if we are really serious about achieving comparability there is no reason why a projection of wage trends could not be made in determining today's salaries on the basis of day before yesterday's figures.



This same type of projection is made by the administration when a budget message is sent to Congress. Appropriation bills are passed based on a projection of this year's tax yield into next year's income from taxes.

Unless some projection of this sort is adopted we will, even in the absence of guidelines, be kept forever in the backwash of the Nation's economy.

When the principle of comparability was enacted into law in the 1962 pay reform bill, even though our 2-year "catch-up" proposal was rejected, we felt some sense of victory for here, we believed we had a rational principle, a workable program that would in 3, or at most 4 years, raise the Federal worker's status to a first-class citizen economically.

We felt that at last we had escaped the nebulous economic factors, the fuzzy budgetary considerations that had always cropped up in every pay bill session to thwart the legitimate needs of the Federal employee. We believed that every effort would be made to minimize the timelag. We were confident that in using salary scales on which to base our living wage our Government would take into account only those salaries that are above its own accepted poverty level.

We were naive.

If today we view comparability with some disenchantment, it is not because we are convinced that it is a less viable concept that we thought. It is only that we have discovered that in operation the concept can be delayed, perverted, and, if the occasion arises, ignored.

The picture we drew in our 1962 statement is not foreign to our present situation. After our first brave 1962 step in catching up with the economic growth of the Nation, the lag set in.

In 1965 this committee and this House of Congress courageously and wisely enacted a meaningful bill with hope for the future. The fate suffered by this bill from an adjourning Senate, faced with an administration edict, is history.

Out of the first session of this Congress came an inadequate salary bill and fervent promises that 1966 would be the year of justice.

Now in 1966, the Federal worker is again being urged to accept a token raise; to wait another year for his bonanza.

Nowhere is it better illustrated that justice delayed is justice denied. Even as the Federal employee awaits tomorrow's increase, he must buy in today's marketplace. With an adequate wage just a hope, his grocery bill mounts, the mortgage on his home must be paid, his babies are born, the decision as to whether his children can enter college must be made.

In a valiant attempt to meet these obligations, he diminishes his value to his Government on his primary job as he diverts strength and interest into a second job, or "moonlighting."

Although he is a citizen of and a servant of a nation that is enjoying its greatest period of prosperity, he is told that he may not share equitably in the growth of that prosperity lest justice to him would trigger a wave of inflation that will result in the collapse of our national economy.

Mr. Chairman, my economist friends tell me that the danger of inflation exists only when the increase in the productivity of the worker is less than the increase in his pay. On this basis, at least one large section of the Federal labor force—the postal employee—can document his case.

We draw from the Post Office Department's annual reports the figures that show a 17.3-percent increase in the number of pieces of mail handled between 1963-65. This increased load was handled by a work force that rose by only 1.3 percent. Even admitting the role that mechanization played in the increasing efficiency, we still see the 1965 postal worker as a much improved producer.

We have the word of this administration's Secretary of Treasury that the overall Federal budget in the 1965-67 fiscal years will rise only from 14.9 to 15 percent of our gross national product.

Speaking last Monday before the Economic Club of Detroit Secretary Fowler said, referring to the state of the national economy—

it does not require drastic taxation, direct price and wage controls, and the disturbing paraphernalia of conversion to war that marked World War II and the Korean war.

In any case we reject the view that it is the Federal employees, this less than 4 percent of the Nation's work force, who must stand with their finger in the hole in the dike to prevent national inflation, while the remainder of the Nation's employees—the employers, interest drawers, coupon clippers, bonus collectors, and dividend dividers—continue to enjoy the fruits of our national growth.

In this era of voluntary adherence to arbitrarily assessed wage and price guidelines, we, the Federal employees, are denied even the privilege of volunteering.

We find ourselves in the position of the slowest of the speed law violators. When arrested, he points out that many motorists were going faster than he was only to be told by the policeman: "Yes, but you are the one I have caught."

Unless you of the committee approve and the Congress passes legislation that improves considerably upon the proposals of the administration, the Federal employees are the ones who, in 1966, are caught and we were not even speeding.

I forgo the citing of statistics. Figures galore have been placed in the records of this hearing, figures showing the growth of our gross national product, the increase in gross national income, charts showing profits after taxes that giant, and some not so giant, corporations are reaping, and graphs showing how Federal salaries are dropping below non-Federal salaries that they formerly surpassed.

The picture is one of an uncontrolled economy. In such an economy it is, in my opinion, unconscionable to insist that the income of the Federal employees be placed in a 3.2-percent-wage-plus-benefits straitjacket.

Many members of this subcommittee have shown an awareness of the justice of our position and we are grateful for the forward-looking bills which you and your colleagues have proposed. We refer to:

	<i>Congressman</i>		<i>Congressman</i>
H.R. 11879.....	Daniels	H.R. 12351.....	Clevenger
H.R. 12045.....	Matsunaga	H.R. 12489.....	Randall
H.R. 12094.....	Krebs	H.R. 12537.....	Olsen
H.R. 12129.....	Hanley	H.R. 12545.....	Udall
H.R. 12240.....	Olsen	H.R. 12600.....	Horton
H.R. 12288.....	Daniels	H.R. 12603.....	Kunkel
H.R. 12326.....	Helstoski	H.R. 12604.....	Kunkel
H.R. 12329.....	Krebs	H.R. 12838.....	Hanley
H.R. 12848.....	Ottinger	H.R. 13038.....	Andrews
H.R. 12924.....	Cunningham		



The proposals in the bills listed above constitute a sound approach to achieving the results which the Federal employees have a right to expect from the Pay Reform Act of 1962.

In the light of the foregoing analysis of the situation in which the 1966 Federal employee finds himself or herself, we submit the following proposals which, in justice to these employees, should be passed by this 2d session of the 89th Congress and signed into law by the President:

A salary raise that will achieve full 1966 comparability for employees at every level of both the classified and postal services. This raise, which figures indicate, should start at a minimum of 7 percent, should be retroactive to January 1, 1966.

Full time and a half pay for all time worked by both annual and hourly rate employees beyond 8 hours in 1 day or 40 hours in 1 week; also for all Sunday work.

Optional retirement at full pension after 30 years of service, regardless of age. Option to be exercised only by employee.

Extension of overtime pay to all civil service employees, regardless of levels.

Favorable consideration of H.R. 11879, H.R. 10245, and H.R. 12129 containing provisions liberalizing Federal employees' group life insurance. We propose that the Government pay half the cost of this program's premium. We further propose that Congress provide for the continuation of the present practice whereby Federal employee union officers on leave, retain their life insurance policies by returning to work 1 day of the year.

From Chairman Macy's statement of the administration's position, we approve the plan for improved financing and funding of the civil service retirement system. It is long overdue.

We cannot agree that the share of the employee's contribution to the retirement fund should be increased thereby diluting the already meager take-home pay increase proposed by the administration just because the Government, after years of no payments, now agrees to ante up.

We join with other unions in urging that this committee take a hard look at the manner in which the uniform allowance provision in the 1965 law is being administered and issue directives to non-conforming agencies.

Finally, because Congress has the responsibility for fixing salaries and wages for Federal employees, we respectfully suggest that, before abandoning the principle of comparability, a study be made to see if the salary criteria can be adjusted and the timelag shortened so as to make comparability an instrument of justice to the Federal employee instead of the torture chamber of frustration that it threatens to become.

Again we thank you for this opportunity to appear before you and express our views on the important issues with which your subcommittee has to deal.

We sincerely hope that this statement will assist you in your deliberations.

Mr. UDALL. Thank you, Mr. Smith.

The statement you have presented this morning is one of the most eloquent and interesting we have had. I don't know who your script-writer is, but whoever he is he deserves a raise in pay.

Many of the statements tend to be dull and formal. I thought yours was both readable and interesting to listen to, and the substance of your comments had a great deal of merit.

Your organization represents both postal employees and classified?

Mr. SMITH. That is correct.

Mr. UDALL. Mostly postal or mostly Federal?

Mr. SMITH. Predominantly postal. We only entered the rest of the Federal field in 1961; prior to that time we only had postal employees, so some 90 percent I would say are still postal employees.

Mr. UDALL. The gentleman from North Carolina.

Mr. BROYHILL. I just want to say I appreciate Mr. Smith, Mr. Williams, and Mr. Henderson coming before the committee.

Thank you for your testimony.

Mr. UDALL. Mr. Matsunaga.

Mr. MATSUNAGA. I, too, wish to join the chairman in commending you for a fine statement and I commend you also for the alertness of your organization, as witnessed by the list of bills you have recognized.

How many members do you have?

Mr. SMITH. How many members?

Mr. MATSUNAGA. Yes.

Mr. SMITH. 32,000.

Mr. MATSUNAGA. 32,000. And 90 percent of these are postal employees?

Mr. SMITH. That is correct.

Mr. MATSUNAGA. How many are in Hawaii?

Mr. SMITH. Unfortunately, we don't have any members in Hawaii.

Mr. MATSUNAGA. No one in your organization wants to go to Hawaii either?

Mr. SMITH. We are thinking about it, and in the recognition election we got a considerable number of votes for our union from Hawaii.

I don't know whether that is because they didn't know us, or because they knew more about us than we know, but we are interested in recruiting in Hawaii. I don't think we would have any trouble finding people to go there to organize.

Mr. MATSUNAGA. Thank you.

Mr. UDALL. Thank you, gentlemen.

The next witness is Mr. Everett Gibson, president of the National Federation of Post Office Motor Vehicle Employees, who is accompanied by Mr. Chester Parrish, the secretary-treasurer.

**STATEMENT OF EVERETT GIBSON, PRESIDENT, NATIONAL FEDERATION OF POST OFFICE MOTOR VEHICLE EMPLOYEES, ACCOMPANIED BY CHESTER W. PARRISH, SECRETARY-TREASURER**

Mr. GIBSON. Mr. Chairman and members of the committee, my name is Everett G. Gibson. I am president of the National Federation of Post Office Motor Vehicle Employees, AFL-CIO, and I am accompanied by Mr. Chester W. Parrish, our national secretary-treasurer.

We are affiliated with the American Federation of Labor and the Congress of Industrial Organizations, as well as the Government Employees' Council, AFL-CIO, with offices at 412 Fifth Street NW., Washington, D.C.



We have national exclusive recognition under Executive Order 10988, and are the sole bargaining representatives for all motor vehicle employees, under the terms of the national agreement with the Post Office Department. Our membership consists of garagemen, automotive mechanics, technical mechanics (body-fender and painters), vehicle and tractor-trailer operators in the rank-and-file employees.

We also have locals consisting of only motor vehicle supervisors, who have local formal recognition and all of whom are employed in both the maintenance and operations divisions of our service.

Our personnel maintain all the maintenance on Government-owned vehicles of the Post Office Department and we haul all bulk mails to and from terminals, airports, and post offices.

We appreciate this opportunity to express our views on the pending legislation for salary increases and fringe benefits for Federal and postal employees. We endorse H.R. 12094 introduced by Congressman Paul J. Krebs, as well as similar bills introduced by other distinguished members of this committee.

H.R. 12094 and other bills provide a 7-percent increase and, in our opinion, can be justified.

The Federal Pay Reform Act of 1962 established comparability between postal and classified pay rates in the Federal service, and the national average pay rates of private enterprise for equal skills.

The membership of our union do have comparability with that of private industry such as "auto dealer repair shops" and "motortruck drivers," but we do not receive a like salary. We have made a comparison of outside industry, taken from Bulletin 1433 of the U.S. Department of Labor and Bureau of Labor Statistics, issued December 1964, which shows the average union hourly wage rates of motortruck drivers and helpers by nine regions of July 1, 1964, which indicates that our vehicle and tractor-trailer operators are behind in the pay of private industry.

The average hourly wages for truckdrivers in outside industry of July 1, 1964, was \$3.14 per hour as compared to \$2.93 an hour paid our tractor-trailer operators in PFS-5, step 4, or, an 8-percent lag behind outside industry, and I may quote here that this is after 4 years of service.

The U.S. Department of Labor, Bureau of Labor Statistics indicates that during the period of August, September, and October 1964, in 35 of our largest cities, the "auto dealer repair shops" disclosed that the rate paid their employees in like positions of our motor vehicle employees, was as illustrated below:

Employee	Outside industry	Post Office Department			Hour lag (cents)
		PFS	Step		
Body-fender mechanic.....	\$3.56	6	4	\$3.14	0.42
Auto mechanic.....	3.20	5	4	2.93	.27
Garageman.....	2.63	3	4	2.53	.10
Auto painter.....	3.22	5	4	2.93	.29

The comparisons listed above are wages reported for straight time hourly earnings (excluding premium pay for overtime and for work on weekends, holidays and late shifts).

If comparability is to be continued, the facts listed will show that we are justified in seeking at least a 7-percent increase as contained in H.R. 12094 and similar bills before this committee.

We have based our figures as taken from the report made by the Bureau of Labor Statistics of 1964. We are confident that additional increases have been granted outside industry since this 1964 report.

The Post Office Department is opposed to overtime for substitutes for work in excess of 8 hours in any given day. We urge that this committee consider the substitutes as equal to the regular employees and provide the overtime rate for all work performed in excess of 8 hours. We also endorse the overtime provisions for PFS levels through PFS-13 in the postal field service.

We would like to bring to your attention that the position of our vehicle operations analyst is PFS-7. These employees' responsibility and duties are comparable to that of a claims officer or an accident adjuster, whose salaries are far greater than that of a PFS-7 now paid our vehicle operations analyst and they should be placed in a PFS-8 level.

Our national convention has endorsed a 30-year retirement at age 55, with full annuities, but we are opposed to compulsory retirement of any employee at any PFS level.

We have our own health benefit plan and records indicate that 96 percent are participating in the high-option plan. We sincerely hope that this committee will enact legislation which will provide that the Government pay a 50-percent contribution toward all health benefit plans.

We appreciate Congressman Daniels' introduction of H.R. 11879 and Mr. Matsunaga's bill that would improve the Federal life insurance and sincerely hope that it will be enacted during this session of Congress.

We would recommend that the committee consider the many inequities created with the enactment of Public Law 68, and salary legislation of 1962 and 1964, and that language be inserted in the pending legislation which would correct these situations such as the language known as the Dulski amendment.

Public Law 89-301 provided a maximum uniform allowance of \$125, based on the increased cost of uniforms to the employees. The Post Office Department has suggested that any increase in the present \$100 allowance will be negotiated in the next national agreement.

It is our opinion that Congress intended that such increase be put into effect, and we sincerely hope that the committee will consider inserting language that would provide the \$125 for uniform allowance so that it would not be necessary to negotiate an item which we feel was enacted into law and is contained in Public Law 89-301.

We also request that the uniform allowance be allowed the maintenance employees of the motor vehicle service, as these employees are performing their duties outside of the facilities, and which is the present practice of private industry.

In conclusion, we support H.R. 12094 that would provide a more realistic comparability increase to all Federal and postal employees.



We would also urge that the effective date be no later than the date of enactment by Congress at this session.

Thank you, Mr. Chairman, and members of the committee, for permitting us to present our views on the pending legislation. We are confident that a fair and just consideration will be given to the needs of all Federal and postal employees.

Mr. UDALL. Thank you, Mr. Gibson.

How many members in your organization?

Mr. GIBSON. Seven thousand five hundred, with eight in Hawaii.

Mr. UDALL. You anticipated my question. How many in Arizona?

Mr. GIBSON. We have two I think in Arizona, Phoenix and Tucson.

Mr. UDALL. Would any of your leaders be willing to go to Arizona on a recruiting mission, especially during the winter months. Do you think you can find a volunteer for that hazardous duty?

Mr. GIBSON. After a big hassle, I was permitted to go to Phoenix.

Mr. UDALL. The gentleman from North Carolina.

Mr. BROYHILL. No questions, Mr. Chairman.

Mr. UDALL. The gentleman from Hawaii.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

I appreciate the anticipated question, Mr. Gibson.

Thank you, Mr. Chairman.

Mr. UDALL. Thank you, gentlemen. We appreciate your help this morning.

Our final witness this morning is Mr. Ross Messer, legislative representative of the National Association of Post Office & General Services Maintenance Employees.

You may proceed.

**STATEMENT OF ROSS A. MESSER, LEGISLATIVE REPRESENTATIVE  
NATIONAL ASSOCIATION OF POST OFFICE & GENERAL SERVICES  
MAINTENANCE EMPLOYEES**

Mr. MESSER. Thank you, Mr. Chairman and members of the committee, for the opportunity to appear before you today. I am Ross A. Messer, legislative representative of the National Association of Post Office & General Services Maintenance Employees, with headquarters at 724 Ninth Street NW., Washington, D.C.

This association is the national exclusive representative with the Post Office Department for all maintenance employees in the postal field service under a national election, held in 1962.

This association also has formal recognition with General Services Administration, representing maintenance employees in the Public Building Services of GSA. This association has members in the 50 States, Puerto Rico, Virgin Islands, and the District of Columbia.

It is a pleasure for us to have an opportunity to testify before this committee on the pending proposal affecting pay, retirement, and health insurance. We wish to extend our thanks to Chairman Udall for scheduling hearings on this most important subject. We also wish to thank the various members of this committee who have introduced bills to increase the pay of Federal employees.

This association has strongly supported the comparability principle, recommended by the late President John F. Kennedy, embodied in the Federal Salary Reform Act of 1962, and endorsed by President Johnson in his message to Congress in 1965.

However, it is our belief that the guidelines now proposed by the administration this year will replace the comparability principle set forth in the Salary Reform Act of 1962, unless Congress takes a hand in this situation and provides true comparability.

A few years ago, Congress approved legislation to make increases for wage board employees effective not later than 45 days after the date the survey was officially ordered—Public Law 85-872, approved September 2, 1958.

In order for Classification Act and postal field service employees to have true comparability, some such proposal must be given serious consideration by Congress.

Chairman Macy of the Civil Service Commission, in his testimony before this committee, stated:

The adjustment proposed by the President would continue to maintain full comparability at grades up through GS-5, bringing those rates up to private enterprise salary levels most recently reported by the Bureau of Labor Statistics, in the survey report released in November 1965.

The report was released in November 1965, but is dated February-March 1965, which means that most of the material in the report, or the wage surveys conducted by the Bureau of Labor Statistics, was gathered during 1964 and this is now 1966, which means that, in our opinion, on January 1, 1967, the effective date proposed by the administration, the employees would receive comparable pay with private industry in 1964.

Mr. Chairman, this is not comparability in our opinion.

Many facts and figures have been presented to the committee to justify the need of a salary increase of at least 7 percent for postal and Federal employees. The cost-of-living increase and the change in living standards have affected the maintenance employees to the same extent it has affected other postal and Federal employees.

This association strongly endorses an increase of 7 percent for all employees, regardless of their grade level.

Mr. Chairman, it is our belief that the effective date of January 1, 1967, approved and recommended by the administration, is very unrealistic. It is our belief that in order to cut down on the lag between the date of the surveys by the Bureau of Labor Statistics and the effective date, and in order to provide some semblance of comparability, the effective date of the salary increase should be not later than March 1, 1966.

Last year, this committee and the House approved mandatory payment of overtime for the postal field service. The Postmaster General was granted the option of paying overtime up to level 10.

These provisions were eliminated from Public Law 89-301, when finally approved. Public Law 89-301 limited the payment of overtime to level 7 and below, with payments to 8 through 14 at the option of the Postmaster General.

It is our belief that all postal field service employees who are required to work overtime, either in excess of 8 hours a day, or Saturdays or Sundays, should be paid overtime pay for such work.



If the committee finds it necessary to place a limitation on the overtime pay in the postal field service, it is our belief that the limitation should be applied at grade 15 or above.

The administration is recommending a slight increase in the amount the Government pays on the premiums of the health insurance for the employees. It is our belief, and it has been our contention since the inception of the program, that the Government should pay one-half the cost of the premiums of health insurance. Many firms in private industry pay one-half or more of the cost. Quite a number of firms pay the entire cost.

This association endorses the recommendation of the administration that the employees be given an opportunity to retire on full annuity at age 55 with 30 years of service.

It is our belief that this is an option which should be with the employees and not with the Government. If the Government has the right to force retirement on certain employees on the completion of 30 years of service at age 55, it will be a deterrent to many employees to move into the higher levels, as they know they stand a chance of being automatically separated when, in the opinion of some officials, they have served their usefulness.

It is our belief that the Government having the option to retire the employees, will severely hinder the efficient and economical operation of the Government.

This association is opposed to the increase in the retirement deduction from the employees' salaries. It is our belief that the 6½ percent presently paid by the employees is sufficient to cover the cost of their portion of the annuity.

Mr. Chairman, it has always been the belief of this association that pay and fringe benefits should be separated. However, the administration has made strong recommendations for a package bill within the guidelines of 3.2 percent as established by the President.

In view of the administration's proposal for a package bill, it is our belief that the committee should give serious consideration to including in the package bill, the provisions of H.R. 10298 and H.R. 10299, overtime compensation during official travel; and the provisions of H.R. 11879, H.R. 12045 and H.R. 12129, identical bills, to amend the Federal Employees' Group Life Insurance Act of 1954.

Mr. Chairman, if we are to have a package bill, we see no reason why several items of vital importance to the postal and other Government employees should not be included in the bill.

The administration has recommended guidelines of 3.2 percent, which include an average salary increase of 2.85 percent, ranging from 1 percent in the lower grades to 4.5 percent in the upper grades, with the remainder of the guidelines being applied to fringe benefits.

The average 2.85 percent increase recommended by the administration would actually be reduced by one-half of 1 percent, the proposed increase in retirement deductions, thereby leaving an average increase of 2.35 percent. The 1 percent increase recommended in GS-1 and 2 would eventually wind up as an increase of one-half of 1 percent, due to the increase in the retirement deductions.

It is our belief that any increase granted should be applied equally to all grades or levels.

Mr. Chairman, the administration, while attempting to hold the postal and classified employees within the established guidelines of 3.2 percent is not applying this to all employees of the Government. Do not misunderstand me. We do not begrudge wage-board employees receiving the increases to which they are justly entitled.

However, it appears quite strange to us that the administration strongly recommends holding pay and fringe benefits for postal field service and Classification Act employees to the 3.2 percent, while some wage-board employees are receiving considerably more than this, in some instances, in pay alone.

I have attached to my statement, exhibit A and exhibit B, covering a portion of two monthly reports, January and February 1966, on the Army Air Force wage boards which set forth the percentage increase received by nonsupervisory employees, by leadermen employees and by supervisory employees.

A review of these reports indicates that in a number of cities, the 3.2 percent overall guidelines for wages and fringe benefits have been exceeded in percentage increases for wages only.

Mr. Chairman, I would like to ask that these two exhibits be included at the conclusion of my testimony.

Mr. UDALL. Without objection it is so ordered.

Mr. MESSER. Section 501, Public Law 68, 84th Congress, reproduced below, provides that employees entering the postal field service in any position not in a regional or district office, or in a professional or scientific position, shall enter in step 1 of the level.

(The information follows:)

#### TITLE V—GENERAL COMPENSATION RULES—APPOINTMENTS

SEC. 501. The Postmaster General may appoint any person who has been employed in a civilian capacity in any branch of the Government to any position in a regional or district office or to any professional or scientific position and may place such person in any step in the salary level of the postal field service schedule which is less than one full step above the highest basic salary which such person received from the United States.

Mr. MESSER. It is anticipated that in the near future, the Post Office Department will take over the operation of certain post office buildings now operated by the General Services Administration. This would require the Post Office to take over certain GSA employees who would be required to enter the postal field service as step 1 of the level to which assigned, thereby causing a loss in pay.

GSA regulations provide that when GSA takes over a post office building, the employees are taken over at the rate of pay they are receiving on the date of transfer.

A specific building in question has two employees, one receiving \$2.65 per hour, the other \$2.32 per hour. It is proposed to place these two GSA employees in PFS 2, step 1, \$2.13 per hour, when they are transferred to the postal field service. One employee would take a reduction of 52 cents an hour, or \$1,081.60 per year, while the other employee would take a reduction of 19 cents an hour, or \$395.20 per year.

In addition to the loss in pay, it appears that the employee taking a reduction of more than \$1,000 would also lose \$1,000 life insurance.

Both employees would be adversely affected in pay and retirement.



It is our belief that the same saved-rate provisions should apply to GSA employees transferred to the postal field service as now applies to postal field service employees transferred to GSA through no fault of their own. The transfer of the employees to or from either agency is due to the transfer of the building from one agency to the other.

The two employees in question could be placed in steps of PFS-2 with very little, if any, loss in pay. However, the provisions of section 501 of Public Law 68 of the 84th Congress prohibit this.

It is respectfully requested that this committee give consideration to an amendment to section 501 of Public Law 68 of the 84th Congress, to provide that GSA employees who are transferred to the postal field service be placed in a step of the level nearest to the salary they are receiving on the date of transfer to the postal field service.

Mr. Chairman, it appears that the problem we are now confronted with under section 501, Public Law 68, 84th Congress, is going to be a continuing problem, as it is anticipated that several buildings will be transferred from the General Services Administration to the Postal Field Service within the next year or so.

By including an amendment in any pay bill reported by the committee, you would be providing protection for the employees when they are transferred due to the transfer of the building from GSA to the Post Office Department.

In closing, I would like to state that many people have a false impression of the maintenance service in the postal field service. The maintenance service is not composed of janitors and laborers alone.

The employees of the maintenance service are in PFS levels 1 through 15. It is true that the primary function of the maintenance service is the operation and maintenance of the post office buildings and mail-handling equipment. However, with the advent of automation, the maintenance service is a very vital part of the postal service.

The mechanics in the maintenance service maintain the most modern letter-sorting and canceling machines, as well as automatic elevators and some of the largest air-conditioning units in the United States.

I might add that this association represents all maintenance employees, both supervisory and nonsupervisory.

I wish to again take this opportunity, Mr. Chairman, to thank you and the members of your committee, for the opportunity to appear before you today.

(Exhibits A and B follow:)

#### EXHIBIT A

Memorandum for: Army-Air Force Wage Board Members, Division Chiefs  
DA, DCSPER, OCP Chief, Classification and Regulations Division, HQ  
USAF.

Subject: Monthly Report—Technical Staff, A-AFWB for January 1966.

1. Revised schedules were approved during the month of January 1966 for approximately 21,289 regular wage board employees of the Departments of the Army and Air Force in 16 labor market areas. In addition, the following special schedules were approved:

- (a) Three laundry schedules. Review of one laundry schedule resulted in no change.
- (b) Harbor boat schedule, Wilmington, N.C.
- (c) Harbor boat schedule, Charleston, S.C.

2. Average increases in revised wage schedules are summarized below. The mean cent per hour increase and mean percentage increase, as well as the estimated number of employees affected, are shown:

*Regular schedules*

Locality:	Nonsupervisory schedule including—		Laundry schedule including—		Supervisory schedule including—		Approximate number of employees	
	Average hourly	Per- cent	Average hourly	Per- cent	Average hourly	Per- cent	Army	Air Force
Colorado Springs, Colo.....	\$0.1115	4.34	\$0.1215	4.30	\$0.1577	4.42	602	1,364
Denver, Colo.....	.1000	3.29	.1100	3.59	.1338	3.48	776	912
LaJunta, Colo.....	.0831	3.24	.0915	3.25	.1254	3.53	7	0
Pueblo, Colo.....	.1138	4.28	.1254	4.28	.1638	4.45	2,146	0
Baltimore, Md.....	.1046	3.72	.1154	3.73	.1492	3.84	4,324	31
Rochester, N.Y.....	.1115	4.00	.1231	4.02	.1585	4.06	18	1
Wilmington, N.C.....	.0785	3.17	.0877	3.22	.1192	3.37	125	5
Youngstown-Warren, Ohio.....	.0985	3.42	.1085	3.42	.1646	4.15	47	148
Central Pennsylvania.....	<sup>1</sup> .0769	2.98	<sup>1</sup> .0846	2.98	.1292	3.64	6	0
Myrtle Beach, S.C.....	.0785	3.17	.0877	3.22	.1192	3.37	0	188
Fort Worth-Dallas, Tex.....	.0785	2.98	.0869	3.00	.1192	3.21	322	336
Salt Lake City-Ogden, Utah.....	.1008	3.59	.1108	3.58	.1377	3.56	2,570	5,673
Skull Valley, Utah.....	.1008	3.46	.1108	3.46	.1385	3.46	452	1
Radford, Va.....	.0600	2.49	.0669	2.53	.0746	2.19	35	7
Richmond-Petersburg, Va.....	.1000	3.83	.1100	3.83	.1431	3.84	1,031	0
Southern Virginia.....	.0785	3.35	.0838	3.25	.1069	3.12	155	7

<sup>1</sup> Increase at certain grades only.

EXHIBIT B

Memorandum for: Army-Air Force Wage Board Members, Division Chiefs, DA, DCSPER, OCP Chief, Classification and Regulations Division, HQ USAF.  
Subject: Monthly Report—Technical Staff, A-AFWB for February 1966.

1. Revised schedules were approved during the month of February 1966 for approximately 7,161 regular wage board employees of the Departments of the Army and Air Force in 12 labor market areas. In addition, the following special schedules were approved:

(a) Review of one laundry schedule resulted in no change in nonsupervisory rates, but increased certain supervisory grade rates.

(b) Harbor boat and stake boat schedule—New York, N.Y.

(c) Auxiliary chaplains—Army and Air Force.

(d) West coast maritime schedule.

(e) Atlantic and Gulf coast marine schedule.

(f) Marine wage rate schedule—Fort MacArthur, Calif.

2. Average increases in revised wage schedules are summarized below. The mean cent per hour increase and mean percentage increase, as well as the estimated number of employees affected, are shown:

*Regular schedules*

Locality:	Nonsupervisory schedule including—		Laundry schedule including—		Supervisory schedule including—		Approximate number of employees	
	Average hourly	Per- cent	Average hourly	Per- cent	Average hourly	Per- cent	Army	Air Force
Wilmington, Del.....	\$0.0808	2.87	\$0.0869	2.81	\$0.1346	3.44	76	778
Key West, Fla.....	.0554	2.08	.0600	2.05	.0731	1.93	35	0
Miami, Fla.....	.0554	2.05	.0600	2.02	.0731	1.91	129	258
Lansing, Mich.....	.0808	2.74	.0892	2.75	.1092	2.68	4	0
Western Michigan.....	.0823	2.87	.0892	2.83	.1115	2.83	28	49
Minneapolis-St. Paul, Minn.....	.1000	3.45	.1062	3.33	.1346	3.37	451	276
Atlantic City, N.J.....	.0754	2.87	.0831	2.88	.1046	2.84	2	0
Dover, N.J.....	.1077	3.97	.1192	4.00	.1608	4.28	2,483	0
Trenton, N.J.....	.0846	2.96	.0938	2.99	.1192	3.00	876	1,066
Buffalo, N.Y.....	.0977	3.38	.1077	3.38	.1415	3.54	366	152
Fredericksburg, Va.....	.1015	4.29	.1131	4.34	.1415	4.28	128	0
Clarksburg-Fairmont, W. Va.....	.0900	3.50	.0931	3.29	.1223	3.44	4	0



Mr. UDALL. Thank you, Mr. Messer.

The point you raised relating to the possible salary loss of employees who are transferred from GSA to the Post Office Department is one that also concerns me. I have instructed our staff director to prepare appropriate corrective language which the committee may wish to consider in drafting the bill.

Mr. MESSER. We are greatly concerned with this problem. In 1950, there were 93 buildings that went over to GSA; and since that time there has been a small number of buildings going over each year; but, so far as I know, this is the first building to return to the postal field service from GSA.

This building is in the process of being changed over at the present time. In July there is to be a big changeover, one building will affect 120 employees. Within the next year there will be four large buildings under consideration to be brought back; so if we were able to take care of two employees immediately, we would be protecting several hundred employees in the future.

Mr. UDALL. Thank you.

We have had some complicated drafting problems in trying to get this entire proposed package put together in the form of a committee print bill, but I hope to have one available either late today or on Monday. It has always seemed important to me that we have actual legislative language before we close the hearing so that the various organizations concerned have an opportunity to examine it, to make suggestions, and to point out any defects as they see them. I hope that the various organizations who have testified here will obtain copies and review the first draft committee print.

Mr. MESSER. We would be very happy to review it.

Mr. UDALL. Mr. Broyhill.

Mr. BROYHILL. No questions, Mr. Chairman.

Mr. UDALL. Mr. Matsunaga.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

Mr. Messer, when the transfer is made from GSA to the Post Office Department will the employees you speak of be doing the same type of work that they are now doing?

Mr. MESSER. Yes, sir; that is right.

Mr. MATSUNAGA. Then are you saying that GSA pays higher salaries for the same work that the Post Office Department does?

Mr. MESSER. Not necessarily. These men have been there for a number of years and they are entering the postal service as though they were new employees.

Mr. UDALL. It is the language in the present law relating to transfer of grade when you go from the postal field service to GSA or vice versa. It is the technical language in the present law.

Mr. MATSUNAGA. Rather than a difference in classification for the same type of work?

Mr. MESSER. That is right. One of the men would fit practically perfectly into step 4 of level 2, which would be a 3-year employee.

The other man would fit in step 9 of level 2, but under the present law only people in regional or district offices or technical people can be brought in at a comparable salary. Any other employee must come in in step 1 of the grade regardless of the number of years of service.

Mr. MATSUNAGA. I see.

I would think this would be in violation of the equal pay for equal work law.

Mr. UDALL. It certainly is and he has put his finger on a technical defect that should be corrected.

Mr. MATSUNAGA. Yes; that ought to be corrected and I would definitely support such an amendment.

Mr. MESSER. Thank you.

Mr. UDALL. Thank you, Mr. Messer.

The next meeting of the subcommittee will be Monday at 10 o'clock in this room and we stand adjourned until that time.

(Whereupon the hearing was adjourned until 10 a.m., Monday, March 21, 1966.)



## FEDERAL SALARIES AND FRINGE BENEFITS

MONDAY, MARCH 21, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 10 a.m., in room 215, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. MATSUNAGA (presiding). The meeting of the Subcommittee on Compensation will come to order. We will resume hearings on the compensation bill.

Our first witness is the president of the National Association of Post Office & Postal Transportation Service Mail Handlers, Watchmen, Messengers & Group Leaders, Mr. Harold McAvoy; accompanied by Mr. Andrew W. Carniato, who is chairman of the executive board. Mr. McAvoy.

### STATEMENT OF HAROLD McAVOY, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF POST OFFICE & POSTAL TRANSPORTATION SERVICE MAIL HANDLERS, WATCHMEN, MESSENGERS & GROUP LEADERS; ACCOMPANIED BY ANDREW W. CARNIATO, CHAIRMAN OF THE EXECUTIVE BOARD

Mr. McAvoy. Good morning, Mr. Chairman, Congressman Hanley. I am accompanied by our chairman of the board, Mr. Chairman, Mr. Andrew Carniato.

Mr. MATSUNAGA. Welcome to the committee, Mr. McAvoy. I must apologize for the small attendance here. The chairman had to go to the Supreme Court in order to sponsor a fellow Arizonan for admission to the Supreme Court. Mr. Daniels is in New Jersey and others are unavoidably delayed.

Mr. McAvoy. That is easily understood, Mr. Chairman.

Mr. MATSUNAGA. You may proceed, Mr. McAvoy.

Mr. McAvoy. Mr. Chairman and members of the committee, for the record my name is Harold McAvoy. I am national president of the above-named organization. We are part of the American Federation of Labor and Congress of Industrial Organizations and Government Employees Council. Our national offices are located at 501 13th Street NW., Washington, D.C.

At this time I would like to say "Thank you" for the privilege of appearing before you.

In order to conserve time, I would like to stress the need for early favorable action on a decent pay increase—7 percent—in line with

true "comparability," as it pertains to our job assignments in the postal service with workers, in outside industry.

As outlined in the Federal Reform Act of 1962, I would like to quote:

(a) "There shall be equal pay for substantially equal work and pay distinctions shall be maintained in keeping with work performance distinctions;" and

(b) "Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work."

It has been stated many times, that it is hard to compare job assignments in the postal service with jobs in outside industry. This may apply to other postal employees, but I honestly don't believe the statement can apply to employees in the mail handler craft, the craft that our national organization has won exclusive rights through a national election, to represent.

In line with the "comparability" feature of the Federal Reform Act of 1962, I would like to make one or two comparisons, between our job assignments in the postal service, and employees in outside industry; longshoremen, checkers, and teamsters, employees in the Department of Sanitation, New York City, the city, I come from, as an illustration.

The teamsters and longshoremen are close to the \$4 an hour mark. The checkers, in transportation, are at the \$4 mark. The department of sanitation employees are being paid over \$7,000 per year. The teamsters load and unload, plus drive. The checkers verify the load. The longshoremen just load and unload and the employees in the sanitation department just empty garbage cans. No reflection. The above employees don't have to qualify through a civil service examination, before being assigned; as hour people must do, for mail handler craft assignments, in the postal service.

For your information and guidance, I would like to present our job description, as spelled out in Public Law 68. With your permission, I would like Mr. Carniato to continue.

Mr. MATSUNAGA. Without objection, it is so ordered.

Mr. CARNIATO. Thank you, Mr. Chairman.

Duties of mail handlers, level No. 3, position 8, Public Law 68: Basic function: Loads, unloads, and moves bulk mail, and performs other duties incidental to the movement and processing of mail.

Duties and responsibilities: (A) Unloads mail received by trucks. Separates all mail received by trucks and conveyors for subsequent dispatch to other conveying units, and separates and delivers working mails for delivery to distribution areas.

(B) Places empty sacks and pouches on racks, labels them where labels are prearranged or racks are plainly marked, dumps mail from sacks, cut ties, faces letter mail, carries mail to distributors for processing, places processed mail into sacks, removes filled sacks and pouches from racks, closes and locks same. Picks up sacks, pouches, and outside pieces, separates outgoing bulk mails for dispatch and loads mail onto trucks.

(C) Handles and sacks empty equipment, inspects empty equipment for mail content, restrings sacks.



(D) Cancels stamps on parcel post, operates canceling machines, carries mail from canceling machine to distribution cases.

(E) Assist in supply and sliprooms and operates addressograph, mimeograph, and similar machines.

(F) In addition, may perform any of the following duties:

(1) Acts as armed guard for valuable registry shipments and as watchman and guard around post office building.

(2) Makes occasional simple distribution of parcel post mail requiring no scheme knowledge.

(3) Operates electric forklift trucks.

(4) Rewraps soiled or broken parcels.

Organization relationships: Reports to a foreman or other designated supervisor.

In concluding our duties, I would like to add that our people separate the mail, and where the Post Office scheme is needed, we place the mail before the clerk. When the clerk has completed his work through his knowledge of the post office scheme, our people again take over the mail and follow through right into the motor vehicle truck.

Mr. McAvoy. Thank you, Mr. Carniato.

May I continue, Mr. Chairman?

Mr. MATSUNAGA. You may proceed.

Mr. McAvoy. About 30 years ago, a classification bill was enacted into law. This law gave all postal employees a \$300 salary increase. Our mail handlers received \$150. How this came about, I do not know, but ever since we have been striving to catch up.

At our last two national conventions, we went on record to ask Congress to consider elevating our people in pay level No. 3 to pay level No. 4. This resolution is our number one mandate, and our people would be grateful, if you the members of this committee would accept this mandate which would elevate our mail handlers from pay level No. 3 to pay level No. 4, which in our opinion is our proper place in the Post Office pay schedule.

I would like to ask at this time, after reading to you our job assignments on the work floor that the vast majority of our people must keep moving the mail in bulk. The weight of a mail-filled mailbag is 80 pounds. The majority of our people must work outdoors—transportation platforms and docks. They perform their 8-hour job assignments in all kinds of weather; rain, snow, and sometimes below zero weather in many States.

At this time, I would like to point out that our people must buy their own heavy clothing—safety shoes, rubbers, etc. I hope you will agree that our people find it mighty hard, just to survive. A work clothes allowance is long overdue. What you, Mr. Chairman, and the committee would be doing if included, is allow our people the same right as the Congress has extended to the letter carrier, motor vehicle, special delivery employee, and clerk.

Previous witnesses have stated that the proposed pay increase is inadequate.

I would like to point out that the previous representatives who testified—I am referring to the postal people—are one pay level above

our people, the clerk, and letter carrier are in pay level No. 4. Our people are in pay level No. 3, 90 percent of the 40,000 employees in the mail handler craft work in our large cities. It has been pointed out, to live for instance in Seattle, Wash., plus many cities, that one needs a salary of \$6,900 or more for a family of four. Our starting salary is \$4,780 and after 22 years we reach our maximum salary of \$6,551. My question now is: Just how long will the Post Office Department be able to hire employees for our mail handler craft?

The Bureau of Labor Statistics answered a question pertaining to comparability. How do you make your comparisons? The Bureau answered, we do not use the title of the employee; we compare the work he does. I am in full accord with this procedure as it is the only way to come up with the true comparability.

Along the pay legislation path, over the years, I have heard that percentage pay increases are the only way to adjust pay schedules. If this is true, I would like to point out that at this time our pay level No. 3 mail handlers are \$490 behind our pay level No. 4 people. If the administration's pay proposal was enacted into law, the present spread of \$490 would still increase. It amazes our people when we hear about the small salary increase proposed for us, and as we go up the pay ladder we find that some people in higher pay levels will still go higher, and our people will just continue to exist.

Our people are not seeking membership in a golf club nor trying to buy the latest sport car. All we are striving for, pertaining to pay increase is to be able to put decent food on our table and be able to buy a pair of shoes for our children. We too, would fully appreciate being adopted into this so-called better life for everyone, the Great Society, instead of having to hold down two jobs.

The President recommended optional retirement following 30 years of postal service, at age 55 without reduction in annuity. Our people would have to pay an additional one-half percent of their salaries for this fringe benefit. The 30 year-age 55 is a giant step forward and our people fully endorse this step.

I would like to say I hope if the committee does report that particular part of the bill, that it is optional with the employee.

The recommendation to increase the administration's contribution to our health benefit program, is fully endorsed by our national organization. The recommendation, that the Civil Service Retirement Act be amended to guarantee that benefits be equal to those benefits which are paid by social security meets with our full approval. The first 5 years of service, transfer of credits to social security meets with our full approval.

In closing this testimony, Mr. Chairman and members of this committee, I urge you to give serious consideration to our request for work clothes allowance, the elevation of our people from pay level No. 3 to pay level No. 4, true overtime for our regulars and substitutes after 8 hours of work. Both of these items are long past due, and that a 7-percent pay increase, for our people, which would allow them the right to live properly, instead of existing, by working two jobs.

Thank you, Mr. Chairman, for the privilege of appearing before you and the committee—I think we left out a couple of words, and giving you the serious thinking of our people. It is our honest opinion that the present administration's wage-price guidelines policies and



their one-sided emphasis on wage restraints and passing mention of prices is slowing up expenditures, so that the cash budget in fiscal 1967 will show a slight surplus. That the continuing talks of our economic leaders, for a hold-the-line approach, have helped project the issue, out of all relation to reality. Nearly all of our economists are in agreement that the total national production of goods and services will rise about \$50 billion this year. This increase, according to our research people, in real terms will be close to 5.25 percent.

To the people who shout inflation the loudest, do this without consideration of the justice or equity of the problem or case. No one suffers more than the wage earner, or the salaried employee through inflation.

Thank you, Mr. Chairman.

Mr. CARNIATO. Thank you, Mr. Chairman.

Mr. MATSUNAGA. Thank you very much, Mr. McAvoy.

Any questions of the witness?

Mr. Hanley?

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. McAvoy, I want to commend you on your very comprehensive statement here this morning. For the record, I am in total sympathy with those in the category which you represent. You touched on uniforms on page 4. I am led to believe that there isn't any provision for uniforms for mail handlers. Is this correct?

Mr. McAVOY. No. I may point out, Mr. Congressman, that everyone in the service has a uniform allowance. This is the way they present it. Employees, like the motor vehicle, letter carriers, and so forth, do meet the general public.

What we are striving for—for instance, you come from upstate New York, from Buffalo right through it is pretty cold. We are asking for the same consideration, not a dress uniform, but a clothes uniform, to keep us warm and keep the strength in the bodies of our people, when they have to work outdoors. We are the only people who are denied that privilege.

Mr. HANLEY. I look upon this as certainly a very positive inequity. I note that you are in accord with respect to the 30-year retirement. Do you care to comment with respect to the Government's option for involuntary retirement?

Mr. McAVOY. Congressman, like everything pertaining to living a long life, I know a lot of people who have found, just before retirement, that the world has been wonderful to them and after you are along the line, sickness or some heartache hits you and every nickel you have goes down the drain. My request would be to the committee, Mr. Chairman, to definitely leave it optional with the employee.

I understand that the thinking on the Hill is that it be sort of compulsory.

Mr. HANLEY. Then you would object to the involuntary aspect?

Mr. McAVOY. That is right. I would ask you to consider it be optional on the part of the employee.

Mr. HANLEY. Thank you. I have no further questions.

Mr. MATSUNAGA. Mr. Cunningham?

Mr. CUNNINGHAM. Thank you, Mr. Chairman. I am sorry I was a little late, but I didn't know you changed the meeting room and I went way over to the other one.

Mr. MATSUNAGA. I see. Well, I have done that on several occasions.

Mr. CUNNINGHAM. I have had the pleasure of knowing Mr. McAvoy for many years and have listened to him testify on numerous occasions and he is one of the very sincere persons, one of the most sincere persons I know of. He has a basic problem here. I have offered amendments to various bills, I don't know, for 3 or 4 years now, trying to bring this group of postal employees up to level 4. But they have never gotten anywhere. But, actually, their duties as outlined in his statement are so comparable to level 4 duties that I would hope that we could make this adjustment, Mr. Chairman, because I am convinced that it is warranted.

Mr. McAvoy, in going through your statement hurriedly, I may have missed it, but did you refer to the administration's proposal on the pay bill?

Mr. McAvoy. Yes, Congressman Cunningham, we definitely are so amazed that—well it doesn't make sense. I am going back 30 years, Congressman, and I am trying hard, in representing our people, to even catch up to what beat us 30 years ago, and the 2.8, percentage-wise, definitely keeps pushing us back, instead of going forward. Congressman Krebs and you have introduced bills for a 7-percent increase. If we are going to take a percentage-wise salary increase, I would endorse your proposal along the line of 7 percent.

Mr. CUNNINGHAM. And along that line, if the administration's proposal is unshakeable, 3.2, would you favor, if we stick with that as a guideline, a straight across-the-board increase, rather than what we have?

Mr. McAvoy. Well, yes. It is so small, Congressman, it is hard for our people to accept one or the other, because we are so far behind and we have been striving for so many years to catch up, that 3.2 or 4 or 2.85, it is just like giving us a little lift. And that is what amazes me when they talk about guidelines and so forth, along the line. Guidelines to what?

Mr. CUNNINGHAM. There have been statements made by administrative people, as I recall it, and others that in the lower grades, we will say 1, 2, 3, and 4, we have reached comparability. That certainly is not an accurate statement, is it?

Mr. McAvoy. Congressman, I pointed out that we are the mail handlers in the postal service. We can compare our job with outside industry. I brought out the checkers, transportation people, the teamsters, department of sanitation people in New York, and up and down the line. And we are at least \$1.50 per hour behind. So when they talk along these lines, I repeat, we are so far in the rear, striving hard to catch up, that it would take a lot, quite a bit, to definitely come even near the job as compared to outside industry employees.

Mr. CUNNINGHAM. OK. You are in level 3.

Mr. McAvoy. That is right.

Mr. CUNNINGHAM. With your knowledge of the other grades, would that cause you to say that levels 1 and 2 are also in that same position?

Mr. McAvoy. That is true; yes. There is a spread between 3 and 4 of \$490. If we go into this again, it will definitely increase again, percentage-wise. But definitely if anybody needs something to bring home, to put bread on the table, it is the postal employees 3 and 4.



Mr. CUNNINGHAM. Well, I thank you, Mr. McAvoy. As I said in the beginning, you do an excellent job of representing your people, and I hope someday there will be justice done to your group.

Mr. McAVOY. I thank you, and I sincerely hope it comes shortly. We are desperate.

Mr. MATSUNAGA. Mr. McAvoy, I wish to commend you on your testimony. I am somewhat amazed at how we have neglected your group. About how many are involved?

Mr. McAVOY. 40,000.

Mr. MATSUNAGA. Have you calculated the amount it would cost the Government if we changed your people from level 3 to level 4?

Mr. McAVOY. No; but I believe the committee has the figures. I would be glad to get it for you, Congressman. I believe last year we tried again and we had the actual figures pertaining to it, so I would say the committee, Congressman Udall's committee would have it.

Mr. MATSUNAGA. Do you have an approximate figure from last year?

Mr. McAVOY. No.

Mr. MATSUNAGA. Then would you know what the percentage increase would be on the average for your workers if we were to increase the level from 3 to 4?

Mr. McAVOY. Well, no. I am not in a position now to comment on that.

Mr. MATSUNAGA. I am somewhat amazed, too, that you don't get any uniform allowance. How did this happen?

Mr. McAVOY. Well, I don't know, again, Congressman, as I stated to Congressman Cunningham, we are so far behind that anything we get, we are grateful for. But it takes so long to catch up with the other people. For instance, right in the Postal Service everyone has a uniform, and I say why? Because they meet the public?

Now our people are in all of the large cities. We have tried to get a workclothes allowance for them for one reason, to keep them alive.

Mr. MATSUNAGA. Do your men meet the public at all?

Mr. McAVOY. Well, yes, they are in transportation, at the water front and so forth. But I mean actually in the sense of representatives of the Postal Service as a whole, no, I would say not, because we move the mail in bulk, 80 pounds or more. So we wouldn't be the proper people to meet the general public.

Mr. MATSUNAGA. And you say as compared to private industry the people you represent fall on the average about \$1.50 per hour below private industry?

Mr. McAVOY. That is right. For that matter, I think our people do a far better job along the line in a sense, because the checker just checks. We separate, which is the same work.

Now in the sense of moving the mail, we move 80 pounds or more. Now this is what the teamsters or longshoremen do; they move in bulk.

Mr. MATSUNAGA. What is the turnover within these groups of workers in the Postal Service?

Mr. McAVOY. I don't know. I see Bill Gullledge there. What is the turnover of mail handlers, do you know?

Mr. GULLEDGE. I don't know.

Mr. CARNIATO. I would like to say during the last longshoremen's strike, I had the opportunity to work on the waterfront in Brooklyn with 40 to 50 mail handlers. While the longshoremen were on strike, to increase their hourly rate, and then I think it was \$4.40 an hour, the mail handlers were doing the same work, loading post office trucks and U.S. trucking trucks, bringing them into Morgan, the big international and next in New York City. We were doing it for the minimum wage.

We were called scabs, Mr. Congressman, but we had to move the mail.

Mr. MATSUNAGA. I think you could make your case stronger if you could come before us and say it is impossible to recruit mail handlers.

Mr. CARNIATO. In large cities, it is, Mr. Congressman.

Mr. McAVOY. This is the answer, Congressman. Our wives work or we have two jobs. The only way we can continue. But we are hoping for a break or for some consideration along those lines. But we do have two jobs, either the wife works or the individual mail handler has two jobs.

Mr. MATSUNAGA. Well, you have not only my sympathy, but, I assure you, my support. I will do whatever I can to see that you are given some consideration at least in these two areas.

Mr. McAVOY. Thank you very much, Congressman.

Mr. UDALL (presiding). Thank you Mr. McAvoy. I apologize for my tardiness this morning. I had a conflicting engagement.

From what I have heard since I came in, I gather you are for the pay raise for your people and you consider the administration proposal inadequate?

Mr. McAVOY. That is correct, Mr. Congressman.

Mr. UDALL. We appreciate the help you have given the committee and I want to join the others who have expressed an admiration for the very aggressive way you represent your people.

Mr. McAVOY. Thank you, Mr. Chairman.

Mr. UDALL. We have a statement from Mr. Hayvis Woolf, chairman of the Committee on Administrative Agencies of the American Optometric Association, which without objection will be made a part of the record.

(The statement is as follows:)

STATEMENT OF HAYVIS WOOLF, O.D., CHAIRMAN OF THE COMMITTEE ON ADMINISTRATIVE AGENCIES OF THE AMERICAN OPTOMETRIC ASSOCIATION

Mr. Chairman and members of the subcommittee, my name is Hayvis Woolf. I am an optometrist, practicing my profession at 575 Pontiac Avenue, Cranston, R.I.

In 1939, I graduated from the Massachusetts College of Optometry. For 5 years, during World War II, I served with the Army and Army Air Force, starting as a private and being separated as a first lieutenant. At the present time, I am a ready reservist with the rank of lieutenant colonel as an optometrist with the Army Medical Service Corps, attached to the 455th General Hospital in Warwick, R.I.

I also served my city as director of public welfare in Cranston.

The American Optometric Association is composed of an affiliation of 50 State associations and one in the District of Columbia. There are some 17,000 practicing optometrists in the United States, and more than two-thirds of this number are members of our association.



About a year ago, our Washington office was afforded an opportunity by Mr. Kermit Gordon, Director of the Budget, to present our views to the special panel reviewing the present Federal pay situation for civil service optometrists. This we did, but thus far we have not realized any positive results.

Optometrists, according to known statistics, provide more than two-thirds of the vision care of the civilian population of our Nation. There are some 450 optometrists on active duty at the present time with the Armed Forces, who hold ranks from second lieutenant to colonel in the Army, from ensign to captain in the Navy and from second lieutenant to lieutenant colonel in the Air Force. On the other hand, there are only approximately 50 optometrists employed by the Federal Government in other bureaus and departments under civil service. This is in no small measure due to the inadequate pay which is offered and received by optometrists and the increases suggested in H.R. 12288 fall far short of correcting this inadequate situation.

H.R. 12288 would provide an annual starting salary in grade 7 of \$6,708 and at the end of 10 years a salary of \$8,697. The comparable figures for grade 8 are, 1st year, \$7,349; 10th year, \$9,545.00. Grade 9, 1st year, \$8,002; 10th year, \$10,450, and grade 11 1st year, \$9,588; 10th year, \$12,531. These salaries are before deducting income taxes.

The American Optometric Association maintains a placement service for graduates of our schools and colleges of optometry. Statistics on file reveals that when graduates are employed by private industry working in the field of industrial vision, they are paid starting salaries of \$10,000 to \$12,000 a year, which is definitely higher than the starting salaries provided by the bill being considered for civil service ratings of GS-11 and GS-12.

Permit me to call to your attention some recent advertisements which appeared in the *Optometric Weekly*, a magazine for the profession published by the Professional Press in Chicago, Ill. They illustrate the opportunities which are currently available to licensed optometrists:

For example "Wanted: Indiana licensed optometrist for association in growing optometric practice. Diversified functions; \$15,000 beginning salary plus profit sharing. Other fringe benefits \* \* \*."

"Wanted: Indiana optometrist. Earn \$20,000 in optometric practice. Refracting, general duties and management \* \* \*."

"Wanted: Texas licensed optometrist. Work only 48 weeks each year; 5½ days. Two weeks off in December and 2 weeks off in May. Earn \$11,500 minimum to start with potential of more than \$12,000. Moving expenses paid \* \* \*."

And they go on and on and on.

Recently, the Army sent a communication to the optometric organizations in the 50 States and the District of Columbia seeking to augment the optometrists who are on active duty as commissioned officers in its Medical Service Corps. The poor response to the Army's request for civilian optometrists to fill civil service optometry positions is obviously directly related to the low rate of remuneration in grades 7 and 9. The commissioned personnel hold ranks ranging from second lieutenant to colonel. It is my understanding that the response to these letters was very discouraging to the military and has not yet resulted in any augmentation of their optometric manpower by this method. As a direct consequence of the lack of response by civilian practitioners, the Army has requested and the Selective Service System has implemented a draft call for 100 optometrists.

We do not believe that it is necessary for the Government to offer starting salaries ranging from \$12,000 to \$20,000, but obviously they cannot hope to attract optometrists to enter into Government service with the present rates of pay offered.

Our position would be that we are in favor of an across-the-board increase for civil service employees, but we also believe that something should be done to compensate optometrists in Federal service on a basis more nearly comparable to what they are paid in civil life. When we look at these figures, we can readily understand why there are only about 50 optometrists on the civil service rolls at the present time. This situation is not in the best interest of the Federal employees nor of the taxpayers whom they serve and we trust that this committee will find some way to correct this inequity.

We feel the proposed pay raises for civil service employees are necessary to maintain or achieve a greater degree of comparability commensurate with their educational background and professional training.

Mr. UDALL. The next witness is Mr. Kenneth T. Lyons.

Mr. LYONS. Thank you. With your permission, our vice president, Mr. Stanley Lyman, will accompany me.

Mr. UDALL. We are happy to have Mr. Lyman and you, and you may proceed.

**STATEMENT OF KENNETH T. LYONS, PRESIDENT, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY STANLEY LYMAN, VICE PRESIDENT**

Mr. LYONS. Mr. Chairman and members of the Post Office and Civil Service Committee, in March 1964, President Johnson, in a letter to Speaker McCormack, said:

It is false economy to offer salaries that will attract the mediocre but repel the talented \* \* \*. I need your help in my program to get a dollar's worth of value for every dollar's worth of pay \* \* \* and the dollars paid to attract brains and ability to the Federal service will come back to the American people many times over in more economical and effective government.

Later the President followed up by stating:

We do not have two standards of what makes a good employer in the United States; one standard for private enterprise and another for the Government. A double standard which puts the Government employee at a comparative disadvantage is shortsighted. In the long run it cost more.

The words of Congress in the Salary Act of 1962 are: Federal salary rates shall be comparable with those paid by private enterprise for the same levels of work.

The National Association of Government Employees respectfully regrets that the administration has thus far failed to live up to their statements and acts.

To continue paying Federal employees peasant wages as though they were in bondage and prevent them from taking their place in the Great Society is not only a great disservice to them but to our Nation.

The organization wishes—emphatically, to record itself in opposition to the proposed 3.2 percent pay raise plan as being:

- (1) Grossly inadequate.
- (2) That an increase above 3.2 would not be inflationary.
- (3) The wage-price guidelines argument does not apply.
- (4) Violates public policy as declared in the Federal Salary Act

of 1962.

Last June, before the House Subcommittee, John W. Macy, Jr., Chairman of the U.S. Civil Service Commission, testified that; based on the latest Bureau of Labor Statistics survey findings, Federal employees in the lower grades were 1 year behind their counterparts in private industry while middle grades were 2 years behind and upper Federal grades 3 years in arrear.

In percentage figures, what Mr. Mach was telling the committee was that Government employees were actually being paid 3½, 8.9, and 10 percent less than workers in private enterprise while discharging similar duties.

The National Association of Government Employees upon completion of its study of the Bureau of Labor Statistics survey has discovered that Government employees, in many instances, are actually receiving from 3 to 45 percent less in starting wages.



The contrast in salary inequities inflicted upon these Federal employees assumes a more startling proportion when a further comparison is made upon completion of 4 years' employment. At this point in his career, the Federal employee discovers he has narrowed—slightly—the gap. He is, in many instances, now receiving from 2 to 40 percent less than what private industry would be paying him.

The situation does not get any better, for at the 10-year mark many Government employees will find no solace in the fact that if he were in private industry he would be getting from 2 to 11.5 percent more and on top of this fringe benefits would increase the figure.

For example: A GS-15 attorney, if he chose to serve his Government today, would receive \$7,749 less in starting pay than if he entered private enterprise. And, his situation fails to improve. For, by the fourth year, he will be \$7,150 behind, but at the end of 10 years, the Government manages to close the gap so that he is behind only \$2,439.

Consider the case of a GS-5 draftsman. Upon completion of 10 years' service, he is actually getting \$155 less than what his counterpart would be offered as a starting salary in private industry.

A GS-3 tabulator now receives \$20 a week less than his equal in private industry.

Is this not false economy? Is this equitable? Does this conform to Federal-private industry salary comparability? Do we not still have a double standard that separates Government from private industry?

Since 1962, when the Committee on Post Office and Civil Service, to their credit, approved and the Congress passed legislation establishing the principle of comparability for salaries of Federal employees the administration has reported that salaries have been increased by 12 percent.

The NAGE, in deference to the committee, Congress and the administration, regretfully charges it has not been enough and finds itself once again in opposition to the pay hike as being grossly inadequate.

Contrary to the administration's call for a dollar's worth of work for a dollar's pay, it is our position that the Federal employee produces far more in output than what he is being recompensed.

How can our Government continue today and in the future to entice talented careerists?

The youth of today has far more economical vision than those of yesterday. Today as never before he finds more occupational doors open to him in private industry. He is more selective than in the past. He does not have to take just any job to earn a day's pay as before. Private industry seeks him out. If he is a college student he is assured of employment with some of the Nation's largest corporations before he graduates.

The youth of today is more knowledgeable. He wants and expects a large and quick return on his educational dollar. He desires, expects, and it is his right to a more prosperous future than his forebears.

How then can Government absorb the best talent, brains and dedication when Government fails to compete with private industry for his services?

Today, more than ever, it is imperative that the Federal Government obtain the best talent.

How can this be accomplished when a prospective employee discovers that in many instances it would be 10 years before he would equal the starting salary of his counterpart in private industry.

The administration's goal in preventing mediocrity in Government will not be achieved until Government assumes its obligation in paying Federal employees pay equal to private industry.

Recent accounts were published testifying to the dedication and loyalty of Government employees who saved the Government \$95 million through cost cutting and work-improvement ideas, for the fiscal year ending June 1965.

If there is mediocrity, it lies in the proposed 3.2 pay package, not in Government personnel.

Since 1964, many key industries have negotiated increases, some of them reached with Government suggestions. It is thus, a fact that Government employees are further from comparability today than they were in 1964.

The administration, committed as it is to the principle of comparability, should not treat Federal employees as a piece of steel or aluminum.

Federal employees have been told that the specter of inflation and the high cost of financing our commitment in Vietnam were among the chief factors in justifying the token pay-fringe proposal.

As to inflation—why economically deflate the Government employee? Should he alone shoulder the burden? What of the rest of the Nation's working populace. Certainly the living costs of Federal employees is comparable to those in industry.

In the past 25 years that this Nation has seen itself embroiled in either hot or cold wars, industrial workers did not suffer when it came to pay raises. Who can say when peace will come in Vietnam, and past employment and wage statistics will bear out that Federal employees never fared well in peacetime.

The time has long passed when our Government should assume the lead rather than follow wage patterns adopted by private industry.

But this organization fears that that time may never come—certainly not in the near future. For now, the procedure for setting wage scales in Government appears to be no longer vested in Congress acting in concert with the administration and the employees. Rather it stems from an executive panel which has failed to take into account many vital and necessary economic considerations that would, we believe, have caused them to present a wage program far in excess of what they proposed.

Additionally, labor's demands for the coming year in industry promises to set Government rates so far behind, it will take years to equate. Although the unions have yet to estimate their pay and fringe goals, they reportedly exceed, by far, the administration's guideposts for noninflationary settlements. The Government's classified work force can be expected to follow closely the administration's attitude here.

Mr. Chairman, with your permission, we have an addendum by Mr. Lyman, who is our national vice president of the National Association of Government Employees, and he represents the Federal Aviation Agency's air traffic controllers. Mr. Lyman is an air traffic controller. With your permission.

Mr. LYMAN. Mr. Chairman, the National Association of Government Employees is compelled, at this time, through this committee,



to inform Congress of the plight of Federal Aviation Agency employees as it pertains to his working hours and conditions in relation to his wages.

The FAA employee, be he an air traffic control specialist, equipment technician, or a communications person, has been subjected for too long to endure a situation that places him in a unique category among Government employees.

With air traffic increasing almost daily, and the failure of the Agency to adjust accordingly, FAA employees charged with the lives and safety of the flying public have found themselves working under conditions that can be termed hazardous.

This organization implores this committee to request Congress take the necessary steps that will ultimately assure compensation to these employees commensurate with their grave responsibilities.

Few persons are aware of the mental and physical hammering experienced by FAA employees while handling heavy volumes of air traffic, oftentimes under the most trying of conditions.

An FAA employee, due to his work schedule, is forced to forgo a large part of his family life. Unlike most Federal employees, he is most fortunate if he can enjoy a portion of his scheduled 10-week-end time off periods.

Too often, upon completion of his workday, he finds himself being ordered back to work when emergencies arise.

He is constantly faced with the problem of traveling great distances under severe conditions, at any hour of the day and night to perform his duties—without receiving compensation.

The NAGE urges Congress to provide immediate improvements and pay provisions to compensate these dedicated and vital Federal employees by approving the following:

(1) Provide a 25-percent shift differential for employees that are required to work on Saturdays and Sunday.

(2) Provide time and one-half for all work over 40 hours and to include traveltime during call-back assignments.

(3) To provide a 2½-percent retirement system after 20 years of service to assure an adequate retirement policy.

I submit, Mr. Chairman, that this Nation is experiencing a transportation revolution which will greatly increase over the next two decades.

As the critical dependence upon aviation in our economy continues, the capacity of the airspace to accommodate planes must of necessity increase correspondingly. Today, air traffic controllers find themselves responsible for aircraft carrying upwards of 200 people as compared to planes that carried as many as 7 in 1947. Aircraft in the future promises to accommodate many times in excess of what they are transporting today.

To meet this challenge, the FAA must apply progressive policies to correct pay inequities, working conditions, and sufficient personnel. The stakes are too high and the time has come to remedy the situation.

This organization hopes that Congress will not abandon the FAA employees any more than we would expect the captain of a jetliner to abandon his craft during unexpected air turbulence.

Mr. Chairman, may I express my appreciation of all NAGE members for the interest manifested by this committee. We are confident that Congress will be sympathetic to our pleas.

Mr. LYONS. The National Association of Government Employees, therefore, proposes the following recommendations for enactment in 1966:

A pay raise for classified and postal employees which properly reflects that of private industry, which, in our opinion, would range from 6 percent up to 44 percent.

The immediate extension of basic medicare for Federal employees.

Optional social security for all Federal employees.

A 10-percent pay raise for all Federal Aviation controllers.

Provide a 25-percent shift differential for all classified employees that are required to work on Saturdays and Sundays.

A 2½-percent retirement system after 20 years of service for all FAA employees to assure adequate retirement policy.

That the proposed pay raise and fringe benefits be made retroactive to March 1, 1966.

Mr. LYONS. Mr. Chairman, I want to thank you and the committee for allowing us to appear here today.

Mr. UDALL. Thank you, Mr. Lyons. What is the source of the data attached to your statement?

Mr. LYONS. U.S. Civil Service Commission, Mr. Chairman, and the Bureau of Labor Statistics.

Mr. UDALL. Without objection your tabulations will appear in the record of these hearings following your testimony.

What is the membership of your organization, Mr. Lyons?

Mr. LYONS. Approximately 65,000, Mr. Chairman.

Mr. UDALL. Do you have a number of bargaining contracts, where you are designated as exclusive bargaining agent?

Mr. LYONS. Yes, we do. We are running behind now with the FAA. How many is it, Mr. Lyman?

Mr. LYMAN. About 25.

Mr. LYONS. We are behind 25, which we are negotiating now with the FAA. We have one with the Navy and many others.

Mr. UDALL. Your statement is most helpful and informative. I would say to Mr. Lyman that as a private pilot, who does a good deal of flying, I have a special place in my heart for the controllers and for the FAA people who have always been available when I needed them.

The gentleman from Hawaii?

Mr. MATSUNAGA. Mr. Lyman, you speak of the FAA employees being called back to duty on emergencies. On the average, how often is an employee called back, and how many hours, on the average, does he work in excess of his regular hours?

Mr. LYMAN. I would say the average runs anywhere from two to three times a month and during the summer months probably oftener than that. The average hours normally would run 6 to 7 hours, or probably the full 8 hours after he is called back, depending on the traffic conditions or the problem that he is working on.

If it relates to a maintenance failure or a piece of electronic equipment, such as a controller, normally when he is called back he can look forward to facing another minimum of 5 to 6 hours of active control duty.



Mr. MATSUNAGA. That is each time he is called back?

Mr. LYMAN. Yes.

Mr. MATSUNAGA. On the average, per week, about how many hours, would you say?

Mr. LYMAN. If he is back three times a month, it would probably break down to 3 to 4 hours a week.

Mr. MATSUNAGA. Is he paid overtime for these hours?

Mr. LYMAN. No, sir, he is given what the Government calls or what is known as compensatory time. However, he doesn't always get to take advantage of compensatory time. Again, during the summer months, when traffic is at its peak, and this is when most of these problems occur, you don't find time during the normal week to allow the man to get extra time off to take the compensatory time, so as a result he normally will lose it.

Mr. MATSUNAGA. Do you have any standby employees who would replace the regulars, in time of illness, or who would take the place of the regulars who were off on compensatory time?

Mr. LYMAN. No, sir. We are so short-handed now we are all on a constant 24-hour standby basis and this is the problem we encounter.

Mr. MATSUNAGA. Do you have any complaints among these workers, or complaints from the supervisors as to the efficiency of these workers who are called back on emergencies?

Mr. LYMAN. No. As far as their decreased efficiency, no. They just put out a little extra effort, when they are called back; the individual just finds that extra energy to give him the same responsibility, give him the same output he would put out during his regular 8-hour day, knowing if he were to slack down or not have this worry in the back of his mind of what may happen, he could find himself in in a great deal of difficulty. So we don't have any problem with that at all.

Mr. UDALL. I can say from personal experience it is a very exceptional group.

Mr. MATSUNAGA. I asked because, in your testimony, you stated—and I quote:

FAA employees, charged with the lives and safety of the flying public, have found themselves working under conditions that can be termed "hazardous."

Would you go into specifics in this area?

Mr. LYMAN. This relates particularly to the field of lack of what we feel would be additional help to man the various facilities that we have and man the various positions on the radar equipment that should be manned. And we just don't have the people. We find ourselves often at times working a radar position and also what we call a radar handoff position, which should be manned by two individuals which often, or 99 percent of the time, are only manned by one. Under these conditions, you are working with aircraft at a rate of anywhere from 800 miles on up; these conditions can be hazardous when you have one man who has less than 3 or 4 minutes at times to make a decision, working alone, and not having another man sitting next to him giving him a little aid in what his future plans should be, as far as controlling traffic goes. These conditions are hazardous and unfortunately they are portrayed by a black headline in the newspaper that declares a near miss, similar to the headlines we had several years ago in Washington, when we had two aircraft in a holding pattern.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

Mr. UDALL. The gentleman from New York?

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. LYONS, your testimony I don't believe touched on the administration proposal with respect to the 30-year, age-55 requirement. Do you care to make an observation on this?

Mr. LYONS. Well, we favor that, Congressman. Are you talking about the involuntary aspect of it?

Mr. HANLEY. Both. You do favor the general proposal. Then, specifically, what is your attitude toward the involuntary aspect of it?

Mr. LYONS. I think you would have to have just a cleaver going right down through. I don't believe in that. A system such as the air traffic controllers, I believe that they, when they reach the age of 45 years old, should be retired automatically by the Government.

I think it depends a good deal on the profession and the type of work that is being done by the employee. I would favor, however, involuntary retirement for most all of the employees. But you would have some exceptions, I think, of engineers, attorneys, that may, because of necessity, the Government would have to keep their talents and additional consideration be given them.

But I think that our present retirement system is entirely inadequate. And I think this is a step in the right direction, the proposal that you have before you.

Mr. HANLEY. Then you would agree with the involuntary aspect of the program?

Mr. LYONS. Yes, I would.

Mr. HANLEY. If I might address this question to the gentleman from FAA, on page 1 of your testimony, the concluding paragraph—

he is constantly faced with the problem of traveling great distances under severe conditions at any hour of the day and night to perform his duties without receiving compensation.

Could you give us a hypothetical example of this?

Mr. LYMAN. I could give you several, if you wish. I will refer, rather than to myself or in the air traffic controller category to the electronics technician, where we have a piece of equipment located some 40 miles from the airport up in a remote mountain site in the middle of the winter, and this piece of equipment fails, which is also a piece of equipment that would be vital to the control service being performed at the airport. There is normally no man at this site. They call a man, who could conceivably have just finished his 8-hour tour of duty and returned home and he receives a phone call that a piece of equipment he is charged with has failed, and he has to turn around, whether it be a blizzard or rainstorm, whatever the conditions, turn around and somehow get to the mountain site, work on the equipment, get it restored to the air and return home. And this happens very often, particularly in the electronics equipment.

Mr. HANLEY. I see. With respect to percentage of turnover, people employed in this particular field, do you have a figure on that?

Mr. LYMAN. I would judge it could be very low. I don't have the exact figure, but I understand we have a very low turnover at this time. Again, we feel that the turnover is low because we are forced to remain working; yet, we have to have an adequate retirement system to cover us, compensate us if we were to leave the Service.



Mr. HANLEY. I see. Thank you. I have no further questions, Mr. Chairman.

Mr. UDALL. I would add the Congress is about to act, I hope, on this moving expense bill, which has affected many Federal employees, but particularly the FAA people who are subject to transfer around the country from time to time. I know many cases of employees who have spent several hundreds of dollars in excess of their travel allowance. The moving expense bill is certainly a step in the right direction. We had wanted to include it in our pay bill last year, but there was a conflict in committee jurisdiction.

We thank you for appearing this morning, gentlemen. Your testimony will be helpful to the subcommittee in our deliberations.

(The tables referred to by Mr. Lyons follow on next page.)





GS-9: Engineer, III.....	9,468	7,479	8,241	9,765	1,989	1,226	---	26.5	14.5
Attorney, II.....	8,940	7,479	8,241	9,765	1,461	699	---	19	8.0
Job analyst, II.....	8,892	7,479	8,241	9,765	1,413	651	---	18.5	7.5
Auditor, III.....	8,748	7,479	8,241	9,765	1,269	507	---	16.5	6.0
Chemist, III.....	8,808	7,479	8,241	9,765	1,329	567	---	17	6.5
Engineer technician, V.....	8,676	7,499	8,241	9,765	1,197	435	---	16	5.0
GS-10: Manager office service.....	9,240	8,184	9,024	10,704	1,066	236	---	12.5	25.0
GS-11: Manager of office service.....	11,412	8,961	9,879	11,715	2,451	1,533	---	27	16.5
Engineer, IV.....	11,376	8,961	9,879	11,715	2,415	1,497	---	26	15.0
Chemist, IV.....	10,980	8,961	9,879	11,715	2,019	1,101	---	23	11.0
Chief Accountant, IV.....	10,740	8,961	9,879	11,715	1,779	861	---	19	8.5
Attorney, III.....	10,512	8,961	9,879	11,715	1,551	789	---	17	6.0
Job analyst, IV.....	10,608	8,961	9,879	11,715	1,707	849	---	18	7.0
Auditor, IV.....	10,728	8,961	9,879	11,715	1,767	849	---	19.56	8.5
GS-12: Manager, office service.....	13,824	10,619	11,723	13,931	3,205	2,101	---	30	17.5
Engineer, V.....	13,272	10,619	11,723	13,931	2,653	1,549	---	24.5	11.0
Attorney, IV.....	13,644	10,619	11,723	13,931	3,025	1,921	---	28	16.0
Chemist, V.....	13,068	10,619	11,723	13,931	2,449	1,345	---	23	11.0
GS-13: Attorney, V.....	16,500	12,510	13,815	16,425	3,990	2,685	75	31.5	19.0
Chemist, VI.....	15,168	12,510	13,815	16,425	2,658	1,353	---	21	9.5
Engineer, VI.....	15,336	12,510	13,815	16,425	2,826	1,521	---	22.5	11.0
Chief accountant, III.....	14,604	12,510	13,815	16,425	2,094	789	---	16.5	5.5
Director of personnel.....	14,520	12,510	13,815	16,425	2,010	705	---	16	5.0
GS-14: Attorney, VI.....	20,040	14,680	15,188	19,252	5,360	4,852	---	36.5	31.5
Engineer, VII.....	18,012	14,680	15,188	19,252	3,332	2,824	---	22.5	18.5
Chemist, VII.....	17,928	14,680	15,188	19,252	3,248	2,740	---	22	18.0
Chief accountant, IV.....	17,028	14,680	15,188	19,252	2,348	1,840	---	16	12.0
Director of personnel, IV.....	16,956	14,680	15,188	19,252	2,276	1,768	---	15	11.5
GS-15: Attorney, VII.....	24,804	17,055	17,645	22,365	7,749	7,159	---	45	40.0
Chemist, VIII.....	22,212	17,055	17,645	22,365	5,157	4,567	---	30	25.5
Engineer, VIII.....	21,108	17,055	17,645	22,365	4,053	3,463	---	23	13.5

† Insignificant.

Mr. UDALL. The next witness is Mr. Dillard Lasseter, counsel for the Organization of Professional Employees of the U.S. Department of Agriculture.

**STATEMENT OF DILLARD LASSETER, LEGISLATIVE COUNSEL,  
ORGANIZATION OF PROFESSIONAL EMPLOYEES OF THE U.S.  
DEPARTMENT OF AGRICULTURE**

Mr. LASSETER. Thank you Mr. Chairman. I am pleased to have this honor of appearing before you. I represent the Organization of Professional Employees of the U.S. Department of Agriculture, and, with your permission, sir, I will brief my statement in the interest of time.

Mr. UDALL. Without objection, the complete statement will appear in the record at this point, and you may summarize it.

(The prepared statement is as follows:)

**PREPARED STATEMENT OF DILLARD LASSETER**

Our organization is pleased with the statesmanlike approach that this administration has taken toward meeting the needs of the Federal professional personnel. There is great merit in considering related matters such as salaries, retirement, leave, and insurance as parts of a "package."

When he signed the Government Employees Salary Reform Act of 1964, the President said: "America's challenges cannot be met in this modern world by mediocrity, at any level, public or private. All through our society, we must search for brilliance, welcome genius, strive for excellence." There has never been a time in our history when this was as important in the Government service as it is today. We are faced with changes with which only the most competent and properly motivated personnel can cope. More and more, the Federal Government is involved in meeting new problems. These demands will rapidly increase to challenge the best in all Government employees, particularly at the professional level.

In his transmittal letter of March 7, 1966, to the Congress, President Johnson observed that "—pay, retirement, and other fringe benefits are all parts of an employee's total compensation." He emphasized that: "Recognition of this basic fact is crucial in developing a rational and equitable system of compensation." OPEDA endorses President Johnson's views on total compensation.

How can the Government attract and keep competent professional personnel? We recognize there are many factors which must be kept in mind. Any self-respecting employee would like to believe that his abilities are recognized and used at the point of greatest need. He wants a certain degree of freedom to "operate." He would like to be in an organization that can be changed to accommodate obvious needs as they appear. But these factors do not take the place of pay. Increasing salaries of the upper grades to at least near comparability with those in industry is likely to bring into the Government those whom the President said we must have. We believe comparability is essential to efficient government now and especially in the future.

*Pay*

Pay comparability with the private sector of our economy is one of the more progressive goals adopted in recent years. It is of special importance to the professional personnel and the management of units requiring their services. In many agencies, professional employees work with their counterparts in industry. If Federal employees have the competence to supervise and share leadership for public programs carried out by private firms, their pay should be comparable to those with a like responsibility in industry. The administration's recognition of this is reflected in the difference between the proposed 4.5 percent increase for GS-15 and 1 percent for GS-1 and 2. But 4.5 percent in the higher grades barely covers the increase in the disparity between Government and industry. Therefore, we feel obligated both to our 7,200 members and to our Government to respectfully insist that full comparability is needed if the required competence of professional personnel is maintained now and retained in the future.



There has been a disproportionate number of separations from the Government service at the higher grades in the younger age groups. The table below illustrates what is now happening in a Government division that may be considered typical of those carrying out research for many of the new Government activities. While the loss in each grade has been about 17 percent of the total number in that grade, almost half of the separations occurred in the 30- to 34-year age group. The talent of tomorrow is leaving Government today for better job opportunities elsewhere.

*Distribution of professional employees voluntarily separated August 1963 to November 1965 (by age group)*

Age group	GS-14	GS-13	GS-12	GS-11	Total
30 to 34.....	0	8	14	14	36
35 to 39.....	2	6	8	3	19
40 to 44.....	7	3	2	1	13
45 to 49.....	2	3	1	0	6
Total.....	11	20	25	18	74

### Health

OPEDA fully supports the proposed changes in the health program. The increase in the Federal part of the cost of the health insurance is in line with trends in industry.

We also support the proposal to transfer retirees to the medicare program.

### Retirement

Although more than 90 percent of OPEDA's members who have written us are opposed to "combining civil service retirement with social security," we do support the plan to assure an annuity equal to that provided by social security for employees and their families with short periods of Federal service or who have shifted from Federal to non-Federal service. This should assist in providing encouragement of the exchange of competent personnel between the Federal Government, State, and local government as well as with industry. However, this does not correct an inequity keenly felt by many OPEDA members. We refer to the discrimination which the Civil Service Commission has made by including State and county extension agents under Federal civil service retirement but not allowing similar credit for other Federal-State service for those who were brought into the Federal service during the 1930's to fill scientific, technical, and administrative positions in the New Deal agencies. These are the "forgotten" professionals of the Federal service. We urge Federal retirement credit for this service.

We approve the provision which will enable an employee with 20 years of service to retire at age 60.

We see no reason why employees should not share equally the normal cost proposed for the future liberalization of retirement benefits.

OPEDA supports the administration's proposal for maintaining the retirement fund at an ample margin of fiscal safety.

OPEDA was among those who pioneered the idea of employees being permitted to retire with full annuity at the age of 55 with 30 years of service. It congratulates the administration on this progressive step. It has been indicated, however, that authority should be given management to initiate action to retire employees at the age of 55 with 30 years of service. Interest in efficiency and productivity in the career service has been suggested as the reason for seeking this authority. If this is to be done it should be made to apply to all grade levels because declines in efficiency after 30 years of service will not be limited to grades 13 and up. In any case the net effect of granting such authority to management would mean the employees affected could summarily be stripped of job retention rights available to them during the first 30 years of their career service. Such authority should not be given unless it is tempered by effective restraints and controls to protect employees against misuse from any source and for any reason. Unless the authority is sought for all grade levels, and unless it is accompanied by restraints and controls, higher graded employees can only conclude that the career civil service would be weakened. As proposed, it is a serious threat to the service. Since it

is such an important matter, we strongly object to the inclusion of this feature. It merits thoughtful study, and jointly recommended action by management and employee groups.

We are extremely interested in the recommendations of the Cabinet's Committee on Federal Staff Retirement Systems for the improvement of survivor's benefits. There is one situation in laws governing survivor benefits that is not specifically corrected by the Committee's recommendations. The Retirement Act prevents the widower from receiving an annuity should his wife die in service. According to the new philosophy in the Cabinet's Committee Report: "The concept of staff retirement benefit as a gratuity, or even as a reward for long and faithful service, has given way through the years to the concept that it, too, is a right earned through past service." We submit that the married female employee is denied the total compensation which her married male colleague is paid. We can only believe that President Johnson failed to make this as a specific recommendation only because this inequity was not brought to his attention.

Under existing law, as amended in 1956, a married female employee can, upon retirement, expect to leave an annuity to her husband. This is as it should be, of course. But it is even more important that she should have this right during employment—when she and her husband may be raising and educating children.

The members of this organization favor the President's proposal that a widow who marries after 60 years of age should continue to receive the annuity left by her deceased husband. But they do not want that benefit to take priority over what they consider to be their right to leave an annuity to their husbands.

OPEDA wishes to thank the committee for this opportunity of expressing its views on these excellent proposals.

Mr. LASSETER. Thank you, sir. The question of pay—I don't think there is any question—they know up here we are strong for comparability. We don't believe it has been approached yet, especially among the membership of this organization I represent, and we have 7,200 members, as you notice in the statement.

I have one brief table here showing what this lack of comparability does, on page 2. It shows that, in this one Government division—and I assume it is in the Department of Agriculture as it was prepared there, the statement was—it shows that, in the age group—from 1963 to 1965, August to November—in the age group, 30–34, the voluntary retirements were 36 in one division, from GS-12, GS-14, 35–39. There were 19; 40–44, 13, and 45–49, just 6. This organization fully supports the proposed changes in the health program.

The increase in the Federal part of the cost of the health insurance is in line with trends in industry.

We also support the proposal to transfer retirees to the medicare program. Although more than 90 percent of our members are opposed to combining civil service retirement with social security, we do support the plan to assure an annuity equal to that provided by social security for employees and their families with short periods of Federal service, who have shifted from Federal to non-Federal service. This should assist in providing encouragement of the exchange of competent personnel between the Federal, State, and local governments, as well as with industry. However, this does not correct an inequity keenly felt by many members. We refer to the discrimination which the Civil Service Commission has made by including State and county extension agents under Federal civil service retirement, but not allowing similar credit for other Federal-State service for those who are brought into the Federal service during the 1930's to fill scientific, technical, and administrative positions in the New Deal agencies. These are the forgotten professionals of the Federal service.

We urge Federal retirements for this service. I might add here, sir, that there has been legislation up here for the last 10 years providing



this. In 1955, I represented this group and provision was made to give these people civil service credit, without any dissenting vote in the House or Senate, but unfortunately it was vetoed, and I think based on incorrect information.

I might say these people are former employees of the vocational education system, and of course you know what they do, and certainly employees of the State experiment stations, and some of them had as many as 14 years of service in those agencies before they joined the Federal service. And for that period they do not have any social security. In other words, they have nothing in the way of retirement for that service. As I say, the extension service, they are part Federal and part State, and sometimes part county. They do have that. And the vocational teachers and these other groups for some reason have been excluded. I think it is a great injustice.

We approve the provisions which will enable an employee with 20 years of service to retire at age 60. We were among the first to propose or pioneer the idea of employees being permitted to retire with full annuity at the age of 55, about 30 years of service. We do have some reservations, though, about the involuntary features of that, sir, and we hope that, if it is included in the legislation—the involuntary feature—that strong safeguards will be built to prevent any inequities.

Also, we feel that a cutoff period at grade 13 would be difficult to administer in one way and another, that a man in a grade 13, his efficiency may decline at 55, just as much as one in a grade 14 or 15. In other words, we do not believe that it should be limited to grade 13 and above.

Another feature which we strongly recommend, the Retirement Act prevents the widower from receiving an annuity, should his wife die in service. According to the new philosophy and Cabinet Committee's Report, "the consent of staff retirements benefit as a gratuity, or even as a reward for long and faithful service has given way through the years to the concept that it, too, is a right earned through past service."

We submit that the married female employee is denied the total compensation which her married male colleague is paid. Under the existing law, a married female employee can, upon retirement, expect to leave an annuity to her husband. This is as it should be, of course, but it is even more important she should have this right during employment, when she and her husband may be raising and educating children.

The members of this organization favor the President's proposal that the widow who marries after 60 years of age should continue to receive the annuity left by her husband, but they don't want that benefit to take priority over what they consider to be their right to leave an annuity to their husbands.

Thank you, Mr. Chairman.

Mr. UDALL. Thank you. I was interested in the table on page 2 of your statement which shows in the age group, 30 to 34, particularly in GS-11, 12 and 13. There is a very large rate of voluntary separation. This illustrates to me that many able people with 5, 8, 10, or 12 years' Government service, who are entering into the most

productive and fruitful period of their careers, are leaving the Federal service. I think it is a commentary on the kind of pay that we provide for professional people, as opposed to what they could make in private enterprise. It is very alarming. It contrasts quite sharply with the person in his forties who has invested so much time toward his retirement that he is not as likely to leave.

Mr. LASSETER. Yes. I was caught in that dilemma myself, sir. I reached that age where I couldn't afford to leave.

Mr. UDALL. There is also a connection between that and your comments on the involuntary retirement feature. I was interested in what you had to say on that.

In private enterprise we try to advance the bright young people. We try to hold out in a really progressive company the prospect that, if you work hard in your thirties, show some leadership, by the time you are in your forties, you will be heading a division or section or have a major responsibility.

Too often, some people have had the philosophy that in Federal Government, once you get on the payroll, promotions are automatic. You stay there forever. And, regardless of your initiative or ability, you are entitled to advance and, probably by age 50, you will be the head of some important section or department, or some important work. I think one of the reasons we are behind private enterprise is that it has more selectivity.

It seems to me, that maybe these people in their early thirties, in grades 11, 12 and 13, wouldn't leave if there were some expectation of openings in grades 14, 15 or 16, which they might, through a little extra hard work, fill in a few years. If the Government had the management tool, so you could move a few of the people at the top, and make room for the bright and able young ones to advance, maybe we could keep some of these people who are shown in your table as leaving.

Maybe there is not a connection there, but it seems to me perhaps there is a lesson contained in those two parts of your statement. Would you care to comment on that?

Mr. LASSETER. Well, as I understood you, you are saying that, move out the 13's, 14's and 15's, and make room for these others who are leaving. Is that it, sir?

Mr. UDALL. Yes, on a selective basis.

Mr. LASSETER. That is right. I understand that. As a matter of fact, I have been an administrator in the Government, and also in private business, and I recognize the truth in everything you say. At times in the Government, there were 14's and 15's I would have liked to have gotten out of the way.

Mr. UDALL. Not because they were dishonest or incompetent, but because you had a bright young man who could do the job.

Mr. LASSETER. Now, off the record.

(Discussion off the record.)

Mr. UDALL. Back on the record. I think what we are both saying is that people vary. You may have a man of age 55 who is the most valuable employee in the entire department, and you may have a man of age 55 who has saddle sores—who quit thinking and trying to do new things 12 or 15 years ago.

Mr. LASSETER. I have had some at 70 that I didn't want to lose. So again, if there are safeguards here—and make it apply to everybody—I see no reason why it should not be done.



Mr. UDALL. The gentleman from Hawaii?

Mr. MATSUNAGA. Mr. Lasseter, pursuing further the matter just discussed, from your experience in Government service, did you find there to be more who ought to be retired involuntarily in the 13 and above, or below 13?

Mr. LASSETER. Mr. Matsunaga, I don't think I, with my own experience, based on memory alone, I don't think I could say one way or the other there. I have found them in both grades, those of whom I would have liked to have rid myself of them. So I don't think I could say that at all.

On the other hand, though, a person who has spent 30 years normally and who has not reached a grade beyond 11 or 12, there is, with all due respect, an implication there that stands right out.

Mr. MATSUNAGA. This is the point I was trying to make, that if you find one who has been in the service for 30 years and he has not been able to proceed or progress above the grade of 12, maybe something is wrong with him.

Mr. LASSETER. I will not disagree with that statement, based on my experience. A good many of the old line agencies have not paid the comparable salary that the new agencies, the glamorous agencies, pay, you see. And there are many high-class people in those grades below 13, in the old line agencies, who have not advanced, who, in a new type agency, would have moved up. I know many examples of that.

Mr. UDALL. That is as far as they can go. They are dedicated. They have given their lives to this department. They are the kind of people you want. They can make more in private enterprise, but they don't want to leave.

Mr. LASSETER. Yes. I have passed them in the laboratories, paying no attention to anything but work. Work is their life. They are not worried about promotion or anything else. They love it, and that is all.

Mr. MATSUNAGA. Thank you.

Mr. UDALL. The gentleman from New York?

Mr. HANLEY. Thank you, Mr. Chairman. Mr. Lasseter, I want to commend you on your fine statement and your many years of service to the Government and this committee, and this places you in a position of expertise, so we have great respect for the content of your statement. And in view of our intense interest with respect to the involuntary aspect of the retirement proposal, again I simply ask, from your observation, your many years of service, have you determined that very frequently this was the case, where a person in these levels would become somewhat complacent and perhaps not serve a real purpose to the cause of Government, and it would be better if the Government had a tool whereby they were allowed to separate this person? Did this happen very frequently, from your observation?

Mr. LASSETER. I may be called a traitor to my class, because I say this, but that is true, that there have been instances there when I would have liked to have rid myself of them. And I will say this, now, when I was in private industry, I didn't have that problem. I could solve that very quickly. And with the Government, of

course, I couldn't. But again, if you want me to be quite frank with you, I think not only my group, but other employee groups are just afraid of some abuse of this involuntary separation. I think they are afraid of it.

Mr. UDALL. This is the one objection to this proposal that many professional and upper-grade employees have raised. But I make two answers to them. One is that, certainly, I will concede that there could be a case of a good man being recommended for involuntary retirement by a supervisor who has a personal grudge. This could very well happen, but you have to balance this possibility against what exists under the present system. Which has the most evil and which the most good?

Under the present system, Mr. Lasseter has very frankly told us there are many times when, in comparison to private enterprise, the Government has its hands tied behind its back, and, in trying to carry out programs the Congress and taxpayers want it is not possible, because of deadwood in the organization. Balancing these two, I believe there would be far less injustice to the whole country by having a system of this kind.

My second answer is that I would be strongly opposed, in fact, would be ready to write the law, if need be, to any provision which would give this authority on a low level or department level without review.

If an agency employed 14 career-type professionals, and could summarily pick out any one of them and say, "Good boy, you have been there 30 years. It has been nice having you. So long." This would be one thing. But it is my intention in passing this law that such a person could only recommend and the recommendation would be reviewed, up through regional offices and into the head office, by a panel of top supervisors to weed out this sort of thing and actually determine whether a personal spite motive were involved.

I believe we can protect ourselves through a procedure of this kind.

Mr. HANLEY. Well, I think your proposal, Mr. Chairman, with respect to the review, could be the answer to the problem here, so that we don't develop something that would allow, for instance, the new broom to sweep clean. I think we have covered it quite well. Thank you, Mr. Lasseter.

Mr. UDALL. Thank you very much.

Our next witness is Mr. Davis Moorhead, president of the Patent Office Society.

**STATEMENT OF DAVIS T. MOORHEAD, PRESIDENT, PATENT OFFICE SOCIETY, ACCOMPANIED BY SIDNEY W. MILLARD, CHAIRMAN OF LEGISLATIVE COMMITTEE, PATENT OFFICE SOCIETY**

Mr. MOORHEAD. Good morning, Mr. Chairman.

Mr. UDALL. I see you are accompanied by someone.

Mr. MOORHEAD. I am Davis T. Moorhead, president of the Patent Office Society, and I am accompanied by Mr. Sidney W. Millard, who is chairman of the Legislative Committee of the Patent Office Society.



Mr. Millard, with your permission, will present our testimony.

Mr. UDALL. We would be happy to have him present it.

Mr. MILLARD. The Patent Office Society is an organization devoted to the professional development of patent examiners and to the improvement of the U.S. Patent System. Over 1,050 examiners and other professionals are members of the Society. This represents approximately 90 percent of the total number of professional employees in the Patent Office.

We thank you very much for the opportunity to be heard.

As you know, the U.S. Patent System has, this past year, commemorated the 175th anniversary of the Patent Act of 1790. The implementation of the U.S. Patent System rests on the shoulders of the Congress of the United States as provided for in article I, section 8 of the Constitution. Congress provides the statutory basis for our examination system, the physical facilities in which we perform our work, and the salary scale by which we are paid. It is with this last subject in mind that we are here today.

In order for the Patent Office to perform the job assigned by Congress, it is the Society's belief that the Office must be able to attract and retain skilled professional help. Patent examiners have degrees in engineering, chemistry, or physics. In addition, most examiners either have a law degree or are pursuing studies toward one.

Our job requires a scientific as well as a legal background.

To attract and retain its professional employees the Patent Office must be able to compete in the open labor market for people who have such scientific and legal disciplines.

Recently, the Patent Office has not been able to effectively compete in this market, mainly because of its salary schedule.

During the past months the Office has not been able to recruit enough technical people to fill the vacancies it now has.

Coupled with this, the Office has an annual turnover rate of 15 percent of its professional staff. Since it takes over 3 years to train an examiner to the point where he is able to perform his tasks without substantial supervision, one can see the enormous problem before the Office.

The annual turnover rate for the Patent Office professional staff by year has been:

	<i>Turnover</i>	<i>Percent</i>
Calendar years:		
1962	-----	16
1963	-----	16
1964	-----	14
1965	-----	16

Why does the professional staff of the Patent Office leave the Office? One of the significant reasons is economic. When one considers that corporate industry and law firms can hold out to the Patent Office professional staff much greater monetary rewards than the Office can offer, it is not surprising that the Patent Office has the turnover problem it now faces. A recent survey of 1963 incomes of patent practitioners taken by the American Patent Law Association shows the following salary scale, with which the U.S. Patent Office has to compete.

I would like to point out the GS salary scale here is a 1965 scale and the salaries in the survey taken by the American Patent Law Association are 1963.

I might point at the 20-year level, the present 1965 pay scale for a patent examiner is \$17,000, in corporate industry it is approximately \$20,000 and in private practice it is about \$30,000 to \$32,000.

Grade	Approximate 1965 salary	Years of practice	1963 salaries			
			Corporate		Private practice	
			Median	Mean	Median	Mean
GS-11-----	\$8,961	3	\$11,250	\$11,385	\$8,900	\$8,822
GS-12-----	10,619	5	12,000	12,266	-----	9,100
GS-13-----	12,510	7	14,000	14,050	14,500	16,003
GS-13-----	12,510	10	-----	-----	-----	-----
GS-14-----	14,680	-----	15,500	16,550	18,200	21,364
GS-13-----	12,510	15	-----	-----	-----	-----
GS-14-----	14,680	-----	-----	-----	-----	-----
GS-15-----	17,055	-----	19,000	19,777	24,200	26,432
GS-13-----	17,055	20	-----	-----	-----	-----
GS-14-----	17,005	-----	-----	-----	-----	-----
GS-15-----	17,055	-----	19,350	20,661	30,000	32,086
GS-13-----	17,055	25	-----	-----	-----	-----
GS-14-----	17,055	-----	-----	-----	-----	-----
GS-15-----	17,055	-----	24,000	24,097	30,000	31,895

This chart clearly shows that present Government salaries are not competitive even when compared with the salaries received by our private industry counterparts 3 years ago. Since the American Patent Law Survey 3 years ago one can reasonably expect that the salaries indicated therein have risen at least by the change in the cost of living.

The late President Kennedy offered to the Congress, several years ago, a plan to raise Government salaries to their comparable industry counterpart. The Congress in the Pay Act of 1962 likewise accepted the plan of comparability. The theory behind this comparability salary plan was to equip the Government in its fight for the skilled worker. The Patent Office Society favors and supports salary comparability.

We would be foolish to appear before you to seek salary increases which match what patent practitioners in industry receive with 20 years' experience. We realize that this is out of the question.

However, we do support the principle of full comparability with the Bureau of Labor Statistics reports on which the comparability feature is based.

We understand that President Johnson's desire is to regulate salaries in direct proportion to productivity of the industry involved. During the 1965 calendar year the number of Patent Office professional examiners has decreased slightly from 1964. But during 1965 the productivity of the Patent Office increased by 8.6 percent based upon the number of patent applications upon which prosecution was completed—1965: 97,688 applications completed; 1964: 89,943 applications completed. We do not seek a like percent increase in salaries. What we do seek is comparability for the upper grades, GS-5 through GS-18. Recent newspaper articles and Bureau of Labor Statistics surveys show that the employees in the lower grades are much closer



to the comparability figures than the upper grades. We rely on the statement of John Macy, Jr., of March 7, 1966, before this subcommittee.

We realize that there are various pressures to keep the Government pay raise to a minimum of an overall 3.2 percent because of the Vietnam situation and the current threat of inflation.

What we earnestly ask of you, the Congress, is that you apply the available money for salary increases to those areas which are furthest from the Bureau of Labor Statistics comparability guidelines. We ask you to apply large and significant increases to the salaries of Government employees in grades GS-5 to GS-18. We ask no favoritism, we ask only equity.

It is, of course, axiomatic that a government such as ours must be staffed by the best trained and most efficient persons available. Since a substantial share of these persons are either lost or potentially lost by the Patent Office to private industry primarily due to greater salary prospects, it follows that our Government should meet contemporary salaries.

It is the society's conviction that the Patent Office, as well as other Government agencies, can attract and retain a greater percentage of the skilled professional persons needed only by maintaining a comparable salary scale.

You gentlemen hold the key to the Government's being able to do just that. We urge you to use that key by greatly increasing the salaries of grades GS-5 through GS-18.

Thank you very much for this opportunity to be heard.

Mr. UDALL. Thank you, sir. I think this is a fine statement on behalf of the important Government employees that you represent in your organization.

The gentleman from New York.

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. Millard, I think the facts you have presented here relevant to your case very emphatically point to the need. Your rate of turnover is certainly excessive. There is every indication that this is an area we must concentrate on if we are going to attract the type of people that are necessary to implement the function of the Patent Office.

Again, in view of the turnover rate, I suppose it is somewhat unnecessary to even touch on the retirement proposal.

Mr. MILLARD. Yes, sir, right.

Mr. HANLEY. So with that, I will say thank you.

Mr. UDALL. Thank you, gentlemen. We appreciate your help.

The final witness this morning is Mr. Paul Robbins, executive director of the National Society of Professional Engineers.

#### **STATEMENT OF PAUL H. ROBBINS, EXECUTIVE DIRECTOR, NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS**

Mr. ROBBINS. Mr. Chairman, if I might be off the record.

Mr. UDALL. You may.

(Discussion off the record.)

Mr. ROBBINS. On the record now, Mr. Chairman, in the interest of time I will identify myself first, I am Paul H. Robbins, executive director of the National Society of Professional Engineers, with

64,000 members throughout the United States, all of whom are qualified by State law to practice the profession of engineering.

Again in the interest of time, I will just comment on some of our testimony and would like to concentrate on one item I know is of particular concern to the committee.

Mr. UDALL. Without objection, your full statement will be made a part of the record and you may summarize or comment as you see fit.

(The prepared statement of Mr. Robbins is as follows:)

#### PREPARED STATEMENT OF PAUL H. ROBBINS

Mr. Chairman, I am Paul H. Robbins, executive director of the National Society of Professional Engineers, with headquarters in this city. The society is composed of over 64,000 members, each of whom is qualified to engage in the practice of professional engineering under applicable State engineering registration laws.

The national society appreciates the opportunity to appear before this subcommittee in connection with its consideration of Federal employee pay legislation.

The society believes that the principle of comparability was the most important feature of the Federal Salary Reform Act of 1962, and that the achievement of true comparability should be a primary concern to this subcommittee. Not only is it important in terms of providing equity to Federal employees, but its implementation is essential if the Federal Government is to attract and retain adequate numbers of highly trained engineers and scientists.

At the present time, unfortunately, Bureau of Labor Statistics figures show a considerable gap between the salaries of Federal engineers and those of engineers in the private economy. This gap ranges from 20.8 percent at the GS-5 level, to 8.4 percent at GS-15. The rates proposed by the administration would improve this situation somewhat, as indicated in the chart below, so that the gaps noted above would be narrowed to 18 and 3.8 percent, respectively. The increases proposed would be particularly beneficial in the middle- and upper-grade levels. Because it is these grades which cause the most serious engineering retention problems for Federal agencies, we strongly urge that the sliding scale feature of the administration's proposal be retained.

#### *Engineering salaries—Present and proposed*

	1965 industry average	Present average rates for Government engineers		Percent increase needed	Average rates under administra- tion	Percent increase needed
		Amount	Step			
Grade:						
GS-5-----	\$7,500	\$6,207	1	20.8	\$6,355	18.2
GS-7-----	8,232	7,304	1	12.7	7,485	10.2
GS-9-----	9,444	8,241	2	14.6	8,470	11.5
GS-11-----	11,280	9,879	3	14.2	10,225	10.3
GS-12-----	13,140	11,723	4	12.1	12,480	5.3
GS-13-----	15,348	13,815	4	11.1	14,395	6.6
GS-14-----	17,928	16,204	4	10.6	16,915	6.0
GS-15-----	20,412	18,825	4	8.4	19,670	3.8

NOTE.—Industry average taken from "National Survey of Professional, Administrative, Technical, and Clerical Pay, February-March, 1964," Bureau of Labor Statistics Bull No. 1469.

Government engineer figures include above-minimum rates authorized by the Civil Service Commission for grades GS-5 through GS-11, under sec. 504 of the Federal Salary Reform Act of 1962.

In reviewing the statement presented before this subcommittee by the Honorable John W. Macy, Jr., Chairman of the Civil Service Commission, we note in addition to pay increase proposals, a number of recommendations concerning fringe benefits. The society concurs in general with Mr. Macy's recommendations concerning Government contributions for health benefits, improved retirement financing, and voluntary retirement at age 55 after 30 years of service.



But there is one provision of the proposed legislation, Mr. Chairman, which the society strongly opposes. That is the proposal to give the Government authority to forcibly retire GS-13 and above employees at age 55 after 30 years of service. While we have no figures on the number of engineers in this age/service bracket, we do know that there are over 27,000 engineers in grades GS-13 and above. We are certain that a significant proportion of this number would be potentially affected by this mandatory retirement proposal.

Mr. Chairman, I can hardly conceive of a proposal more calculated to discourage career thinking on the part of young engineers. I am certain that the members of this subcommittee can appreciate the difficulty in attempting to plan home financing, insurance provisions, and education of children when there is no certainty that retirement at reduced income may not be forced at any time after the age of 55. While we think it is quite commendable for the administration to propose voluntary retirement at this age, we know of no private industrial firm which has adopted mandatory retirement of the type proposed. It appears to the society extremely unwise to give Federal agencies the unrestricted authority to force out professional-level employees at the very peak of their productive capacity.

It is apparent, unfortunately, that the administration is seeking this provision to allow agencies to circumvent the normal civil service job retention rights. It is one thing to allow an agency to withhold a salary step increase from an employee with whom they are displeased. It is quite another to allow him to be summarily and permanently retired against his will with no review or appeal rights. I am sure the members can appreciate what a dangerous weapon this provision would be in the hands of an agency under pressure to bring down its average grade level or to make room for more politically acceptable individuals.

We are particularly concerned with the possible effects of such a provision upon the many Federal engineers who must report to and advise nonprofessional superiors. Not infrequently, professional ethics require engineers to make advisory judgments which may run contrary to a course of action based on nontechnical considerations. I cannot overemphasize the danger of placing our most experienced and highly qualified professional engineers in the position of risking forced retirement as a result of their adopting an unpopular position, as may occasionally be required by the code of ethics. While we certainly believe that Federal agencies must have adequate control over personnel to assure loyalty and productivity, we are wholly opposed to such an extreme approach to this goal.

A last point, Mr. Chairman, concerns the effective date of the proposed pay increase, which we feel should be, at the latest, the first of the next fiscal year. To delay this increase until January 1, 1967, as requested by the administration, would widen the time gap between the Bureau of Labor Statistics survey and the remedial increase to nearly 2 full years. This, we believe, would be a step away from comparability rather than toward it.

Mr. ROBBINS. The first part of our testimony presents some statistics and supports the basic principle of comparability, to which the other witnesses have referred. It indicates a perhaps more distressing situation with respect to professional engineers, particularly because of the critical situation with the retention of younger engineers.

As I am sure the committee is aware, the Civil Service Commission, within the last few days, has adjusted scales in the GS-7 and GS-9 category, because of this very situation. Therefore our table on page 2 merely reemphasizes the critical need for salary adjustments for this group of Government employees.

And particularly we would like to encourage the sliding scale of adjustment, because of the increasingly critical situation in the higher grades, where so many of our competent engineers, of course, now are lodged in the federal system.

We are particularly concerned with this proposed revision on retirement.

I would like to refer to our statement now, beginning about page 3. This proposal is one which we would oppose primarily because we see some serious difficulties particularly again in reference to the professional engineer. These are positions where the individual should

present to the best of his knowledge the analysis as he sees it regardless of the administrative situation. And we can see here the potential of this having a very detrimental effect as to the advice that higher levels of supervision may get on engineering work.

I am certain that the members of the committee can appreciate the difficulty of attempting to plan various aspects of the individual's career if he is always in jeopardy of retirement beyond 55. We think it is commendable for the administration to propose voluntary retirement at this age. However, we know of no private industrial firm which has adopted mandatory retirements at this age.

It appears to the society extremely unwise to give Federal agencies the unrestricted authority to force out professional level employees at the very peak of their productive activity, particularly because, at these levels, their advice is so critical to the final decisions of the Government agency.

It is apparent, unfortunately, that the Administration is seeking this provision to allow agencies to circumvent the normal civil service job retention rights. It is one thing to allow an agency to withhold a salary step increase for an employee with whom they are displeased, it is quite another to allow him to be summarily and permanently retired against his will with no review or appeal rights.

I am sure you can appreciate what a dangerous weapon this could be in the hands of an agency under pressure to bring down its grade level or make room for more politically acceptable individuals.

We are particularly concerned with the possible effects of such a provision upon the many Federal engineers who must report to and advise nonprofessional superiors. Not infrequently, professional ethics require engineers to make advisory judgments which may run contrary to a course of action based on nontechnical considerations. I cannot overemphasize the danger of placing our most experienced and highly qualified professional engineers in the position of risking forced retirement as a result of their adopting an unpopular position, as may occasionally be required by the code of ethics. While we certainly believe that Federal agencies must have adequate control over personnel to assure loyalty and productivity, we are wholly opposed to such an extreme approach to this goal.

Mr. Chairman, those are the main points. If you care for me to expand on them, I will be glad to.

Mr. UDALL. Thank you, Mr. Robbins, You have an excellent statement here, and I am sure the points you made will be carefully considered. I won't repeat my comments on the 30-year proposal, except to recognize that the points you have made are certainly valid. Many times a professional engineer must give a professional engineering judgment and not a political judgment and this is a situation which can occur, as your statement notes.

The department head is under political or congressional pressure to determine that a water project, a research project, or some other technical project is feasible and badly needed and the professional engineer honestly thinks it is not and has to say so. I can understand these dangers.

At the same time, this is a very limited plan.

You noted that putting it into effect might have problems with recruitment and retention of valuable people, but even if the proposal



were in effect, it would apply only to GS-13 and above which would be a very small proportion of the total Federal employees.

Secondly, this threat, as you described it, hangs over the man's head only after he has had a full 30-year career in the Government; only at this point could it be done. Either the man is a qualified, excellent professional engineer, and he is retired under this plan or he is not.

Now if he is—with the salary scales which you indicated in private enterprise, and the interconnection that we have today between private enterprise and the Government—he would not only have his retirement, but I suspect he would be snapped up by a private engineering firm. If he is not the outstanding or the well qualified person we want in the Federal service, then certainly the Government ought to have, in my judgment, the management tool taken for granted in private enterprise.

If you were operating a large engineering establishment, you would be outraged if someone suggested that you had to keep your key advisers beyond age 55 and 30 years of service regardless of how many bright young men you might want to advance.

It seems to me that in the whole civil service system we have lost sight of some basic things. The whole idea of civil service was to get away from the spoils system, and this was good. It is wrong to fire people for political reasons. We need good career people in the Federal Government and I strongly support the civil service system.

But I have a feeling that maybe the pendulum has gone a little too far when once a man gets a job, he assumes for the next 40 years he is entitled to regular pay increases, advancement, promotion to positions of responsibilities, regardless of the enthusiasm, vigor, or initiative he brings to his job.

I don't advocate that we give Federal agencies the same management tools of private enterprise. We obviously can't and won't, because we would get something like a political system again. But I can see strong reasons for giving the Federal agencies this very small management tool which in my judgment would be selectively used and would apply only in a small number of cases.

Mr. ROBBINS. I am sure we subscribe to your feeling that there must be the management tool of assuring productivity, not merely sitting in a chair.

I think our question is: Is the retirement area the place it should be?

Of course we recognize that we are handicapped at the moment with not having the specifics.

You spoke, in replying to one of the previous witnesses, of adequate controls. We have not seen these, of course, and it may be some system could be worked out on this. But certainly the blanket proposal of almost arbitrary retirements on the part of a supervisor is one we feel should be viewed very cautiously.

Mr. UDALL. Mr. Hanley.

Mr. HANLEY. Thank you, Mr. Chairman.

Mr. Robbins, I too thank you for your very fine statement.

With respect to the retirement aspect of it, for instance if a provision for review and appeal were incorporated into the proposal, would this make the program somewhat more palatable as far as your group is concerned?

Mr. ROBBINS. It would certainly make it more palatable. Whether or not we feel adequate review was established we could determine only when the details are written. But it would make it much more palatable.

We are concerned at the moment only with the blanket authority.

Mr. HANLEY. I think in view of the previous testimony of Mr. Lasseter and our chairman, we have fairly well covered the point and the proposal with respect to review and appeal, and it appears to be a commendable one and it would be apparent to me if we move in the direction of enacting this legislation, something of this nature would be incorporated in it.

Mr. ROBBINS. We will look forward to seeing the proposal.

Mr. HANLEY. Thank you.

Mr. UDALL. Thank you very much. We appreciate your help this morning.

This concludes the testimony scheduled for today. The subcommittee will meet again on Wednesday in this room at 10 a.m., and we stand adjourned until that time.

(Whereupon, at 11:35 a.m., the subcommittee was adjourned, to reconvene at 10 a.m., on Wednesday, March 23, 1966.)



# FEDERAL SALARIES AND FRINGE BENEFITS

WEDNESDAY, MARCH 23, 1966

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The subcommittee met at 9:30 a.m., in room 215, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The committee will come to order for the further consideration of Federal salary legislation.

The first two witnesses scheduled this morning are Members of the Congress. In the interest of time, I think we should begin with Mr. Dorson's testimony with the privilege of interrupting him at such time as our colleagues in Congress arrive. Would this be agreeable to you?

Mr. DORSON. Mr. Chairman, I am agreeable with anything that will serve the purposes of the committee.

Mr. UDALL. Thank you. We are happy to have you here this morning.

## STATEMENT OF C. L. DORSON, PRESIDENT, RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES OF THE U.S. GOVERNMENT

Mr. DORSON. Thank you, sir. I have a prepared statement, which with your permission, I will read. If you have questions afterward, I will be happy to try it.

Mr. UDALL. This will be entirely satisfactory. You may proceed.

Mr. DORSON. Thank you. Mr. Chairman and members of the subcommittees, my name is C. L. Dorson. I am president of the Retirement Federation of Civil Service Employees, an organization of approximately 90,000 members, most of whom are currently employed by the U.S. Government.

We are primarily interested in the recommendations of the President of the United States and the Cabinet Committee on Federal Staff Retirement Systems as they relate to retirement benefits for Federal employees. With your permission, in the absence of specific legislation, we should like to address ourselves to these recommendations as they have been presented and ask that we be given an opportunity to speak to the specific terms of such legislative proposals as you may consider in public hearings at a later date.

Without any intention of being unkind to the authors thereof, we can see no necessity for the proposed statement of retirement policy regarding the Federal staff retirement systems. The civil service

retirement system has progressed fairly well for more than 40 years without the encumbrance of a declared policy and we do not believe the adoption of such a policy now would serve any useful purpose.

Our observations lead us to the conclusion that the policy of the Congress and the administration, at any given time, is what the Congress and the administration determine it then to be. The benefits established by the Civil Service Retirement Act provide the only meaningful statement of retirement policy and we suggest that it continue so.

The Cabinet Committee has proposed and the President has recommended that the contributions of Federal employees toward the cost of their annuities be increased, by 0.5 percent, to 7 percent of basic salary effective January 1, 1967. Even if we accept the cost estimates of the Cabinet Committee as being reasonably accurate, and we do not believe they are although we are not prepared to disprove them, the cost to the employee is far greater than warranted by the benefits recommended for enactment at this time.

The Cabinet Committee, in the table of cost data appearing on page 18 of its report, indicates that the cost to employees for the entire package of its retirement recommendations is estimated at \$49.5 million or 0.308 percent of payroll. If we subtract the cost of proposals not recommended to become effective until January 1, 1968 (\$13.2 million), the employee's share of the cost of the remainder is \$36.3 million annually or 0.225 percent of payroll. Thus, even on the basis of the Cabinet Committee's estimated value of the proposals, the price of the product offered the employee on January 1, 1967, is shown to be far greater than can be reasonably justified. If the employee is to be charged for the entire package beginning on January 1, 1967, then all of it should be effective at that time.

We are even more concerned about the proposal to write into the Civil Service Retirement Act authority for the Civil Service Commission to increase the contributions of employees at any time they think it necessary. The Commission would, in such instances, be the prosecutor, judge, and jury with the employee, or more appropriately his pay check, being subjected to the resulting penalty without recourse.

Our organization is very much opposed to the granting of such authority to the Commission or any other agency. We think the fixing of costs for the retirement benefits of Federal employees should remain in the hands of the Congress.

We favor the proposal to amend the Civil Service Retirement Act so as to provide employees the option of retiring at age 55 after 30 years' service without reduction in annuity. In fact, we have sought the liberal option of retirement after 30 years' service at any age for many years.

As you know, the employee, and only the employee, now has the option of retiring at age 55 after 30 years' service. Therefore, all that is actually proposed is the removal of the present penalty which is  $\frac{1}{2}$  of 1 percent for each full month under age 60. In return for the removal of this penalty, it is proposed that the employee surrender his right to tenure and, in addition, pay half of what we believe to be a highly inflated estimated cost.



We are, most emphatically, opposed to the proposal to grant the Government the right to force employees to retire simply because they have 30 years' service, have reached age 55, and have attained a position equivalent to grade GS-13 or higher. The enactment of this proposal would, in our opinion, mean the beginning of the end of the merit system and a return to the spoils system. As proposed, the option would allow the forced retirement of the employee without reason, explanation, or right of appeal. We are sure you can foresee, as can we, some of the pressures to which he might be subjected without defense. We think the employee who has rendered 30 years of honorable service deserves a better fate.

We are aware that in any large group of employees there may be some who, for various reasons, have become disabled, inefficient, delinquent, or aged. By law and regulation, the tools for removal of such employees are presently available to each agency. Further encroachment on the rights of employees, at any level, is not justified.

We endorse the proposal to provide Federal employees the option of retiring at age 60 with 20 years' service. The proposal would provide an interim step in the orderly progression of retirement options, although very few employees would find it attractive. An annuity only slightly more than one-third (36.25 percent) of average salary will be a luxury not many employees can afford.

The proposal to guarantee that retirement, disability, and survivor benefits be at least equal to benefits payable under the social security system seems desirable as we understand the terms of the Cabinet Committee's recommendation. However, these minimums would not apply to the employee until he reaches age 65 nor to the childless survivor until age 62. Under such conditions, they are of small, if any, benefit to the disability annuitant, to employees retiring early because they are involuntarily separated, or to their survivors without dependent children.

Our organization recognizes the long existing need to provide some form of protection for Federal employees and their dependents who may not, under certain unfortunate circumstances, qualify for benefits under either the civil service retirement or the social security systems. It appears that the proposal of the Cabinet Committee, as recommended for enactment by the President, to transfer the service credits of employees who die, become disabled, or leave Federal employment before becoming eligible for civil service retirement benefits to the social security system, is the only effective means of bridging the major existing gap in the protection of employees and their families. Therefore, we endorse the proposal for the transfer of service credits.

Our organization has long been concerned over the unchecked growth of the unfunded liability of the civil service retirement and disability fund. Each annual report of the Board of Actuaries of the civil service retirement system has pointed to this ever-increasing liability, currently estimated at about \$40 billion, and urged that steps be taken to halt its growth. We have joined the Board of Actuaries and others in urging that a sound method of financing the system be established and followed.

Authoritative sources now estimate that, unless a better method of financing than currently required by law is initiated, within 25 years

the fund will be depleted and additional direct appropriations of \$2.6 to \$3.6 billion annually will be required to merely meet obligations of the fund.

We are not sure that we understand exactly how the funding method proposed by the Cabinet Committee and recommended by the President will work, nor whether it will work, in solving the fund's present financial problems. It does appear that the proposed method will do little, if anything, to prevent the necessity for appropriations nearing \$4 billion with a few years. However, we would favor the enactment of any reasonable solution which will not saddle the Federal employee with more than his fair share of the cost.

A number of changes, in fact the largest number, are recommended by the President and the Cabinet Committee for enactment, as amendments to the Civil Service Retirement Act, now with an effective date of January 1, 1968. Most of these proposals are seemingly innocuous. Others have a character which might be described as obnoxious.

The first of these concerns limiting the average salary, on which annuity is based, to basic salary earned before age 65. The thing we find objectionable in this is that the employee who continues in service would still be subject to retirement contributions at the full rate on the salary earned even after it ceases to be creditable. We think that, if the average salary is to be so limited, contributions should be required based on a rate no greater than the highest salary earned prior to age 65.

We do not oppose the lowering of the mandatory retirement age to 65 years from the present 70. However, it does appear that reduction of the service requirement in such cases will result in hardship when the employee has 5, but less than 12 years' service.

If the employee has less than 12 years' service when retired, except for disability, he loses both his life insurance and health benefits coverage. For this reason, we urge that the service requirement be raised to 12 years for mandatory separation at age 65 or later.

We favor the proposal to provide the right to elect an annuity for the surviving spouse, by an employee who retires for disability, based on the full amount of his annuity. Presently, the Civil Service Retirement Act excludes the use of any annuity over and above the earned rate of the employee as a base for the election of an annuity for his spouse. Removal of the prohibitive clause in the four subsections (a), (b), (c), and (g) of section 9 of the act will do much to eliminate hardship.

We also strongly favor the proposal to provide annuities, under section 10(c), to the widows and dependent widowers of employees who die in service, on the same basis as the survivors of employees who retire for disability. It could provide a significant increase to the survivors of employees who die in service at an early age. However, it will be of little help to the survivors of employees who die at advanced age with short service.

We are less than enthusiastic over the proposals submitted by the Cabinet Committee as they related to the Civil Service Retirement Act. The cost is, we think, unreasonably high for the benefits offered. However, with the changes we have suggested and for which we ask your support, we would not object to their enactment.



Mr. Chairman, we are grateful to the members of the subcommittees for their interest and effort in behalf of Federal employees and appreciate the opportunity you have provided for the expression of our views.

Mr. UDALL. Our colleague, Mr. Beckworth, is here and would like to be recognized.

Mr. BECKWORTH. Mr. Chairman, I certainly do appreciate the favor that you have shown me in this connection. All the time I have served on this committee, I have been very interested in the situation that confronts many of the retired people, and certainly feel that not enough attention has been given by our committee of the Congress to certain aspects of the problems. That is no reflection on anyone. We sometimes don't have as much time to study these things and delve deeply into them as we need, but I hope that we can, as a subcommittee and as a committee, give additional attention, to the plight of some of our retired people. As for me, I certainly want to do all I can to help them.

I would like to have my remarks in the record at this point.

Mr. UDALL. The gentleman will have that permission.

The chairman will state that of all the members of this committee, I don't think there is one who has shown greater diligence or interest in the improvement of the retired employees, nor is there as greater friend of the retired Federal employees.

Mr. BECKWORTH. Thank you very much, Mr. Chairman. With that, I will leave.

(The following statement was submitted for the record:)

STATEMENT OF HON. LINDLEY BECKWORTH, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF TEXAS

Mr. Chairman, my name is Lindley Beckworth, Representative from Texas. I am greatly interested in the presently proposed "package bill" on general salary and retirement legislation and this should include something worthwhile for presently retired Federal employees and their survivors.

So far as I can see or learn this proposed package includes very little for presently retired Federal workers. These retirees, especially those of a few years ago have at best but short remaining careers. Many improvements have been made to the retirement laws. Most of these though have been for the benefit of future retirees.

Many disparities now exist in the retirement laws. Many of the older retirees are paying up to 1,000 percent more than current retirees to protect their spouses. Why?

Here is an important improvement that can be made. Let's include in this pending "package bill" a recomputation of the cost of providing the survivor annuity. Let's give all retirees back of the 1962 formula of 2½ percent a recomputation.

These facts spell out the need for parity.

The many persons who retired before 1956 are still suffering annuity reductions up to 25 percent in order to provide survivor benefits for their spouses, while persons retiring more recently may provide similar benefits by deductions of only 2½ percent.

Survivors of former employees who retired before October 11, 1962, cannot receive more than half of the annuities paid to their spouses, but survivors of those who retired on or after that date receive 55 percent of the basic annuity which is 10 percent greater.

Congress should pass legislation (1) requiring the recomputation of annuities of all persons who retired before October 11, 1962, and who elected to provide survivor annuities, to give them the benefit of the more liberal formula authorized since that date of 2½ percent on up to \$3,600 of annuity, and 10 percent on the remainder; and (2) the recomputation of all survivor annuities of spouses of

former employees who are now receiving or under present law would receive less than 55 percent of the annuities of their spouses, to 55 percent of the annuities of such retirees at the time of death.

Thank you for allowing me to make this statement.

Mr. UDALL. Thank you very much, Mr. Dorson, for letting us interrupt. I think your statement is a keen analysis of these proposals, and I am sure it will be helpful in our deliberations.

Mr. DORSON. Thank you, sir.

Mr. UDALL. The gentleman from New Jersey?

Mr. DANIELS. Thank you, Mr. Chairman. Mr. Dorson, I first want to apologize for being late. It was unavoidable, inasmuch as I had to attend a breakfast of the New Jersey Letter Carriers Association, and they called upon each of the Congressmen in attendance to make a speech. With 15 Congressmen talking, it is pretty surprising that I arrived here this early.

Mr. UDALL. There are a few men from New Jersey, except for a Member here, who are noted for the brevity of their statements.

Mr. DANIELS. Mr. Dorson, I heard the latter part of your statement and I looked briefly over the first part, and I want to assure you that your views will be given very careful study and consideration by this committee.

Mr. DORSON. Thank you.

Mr. UDALL. Thank you, Mr. Dorson. We appreciate your attendance here this morning.

We will now proceed to the testimony of Mr. Clarence Tarr, president of the National Association of Retired Civil Employees. I see that you are accompanied by a number of able and outstanding members of your staff.

Mr. TARR. Yes, I am, Mr. Chairman.

Mr. UDALL. It is apparent that you are going to need a lot of backup.

**STATEMENT OF CLARENCE M. TARR, PRESIDENT, NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES; ACCOMPANIED BY GEORGE L. NICHOLS, FIRST VICE PRESIDENT AND LEGISLATIVE REPRESENTATIVE; J. O. BELLENGER, SECOND VICE PRESIDENT; AND JOHN A. OVERHOLT, LEGISLATIVE COUNSEL**

Mr. TARR. I am accompanied this morning by Mr. George Nichols and Mr. J. O. Bellenger, vice presidents, and Mr. John A. Overholt, legislative counsel.

Mr. UDALL. We are happy to have you gentlemen. I might say that your organization has been most helpful to this committee.

Mr. TARR. Mr. Chairman, we thank you for this opportunity to appear and present the problems of retired civil employees and their dependents and survivors. We are most grateful to you for your courageous action last year in approving a bill which gave a much needed annuity increase to retirees and survivors on the civil service retirement rolls and revised the plan of automatic cost-of-living increases to make it more responsive in meeting the costs of inflation. We came to you then as the "forgotten people" in the age of the Great Society and in some respects we feel that, except in the Halls of Congress, we are still very much the "forgotten people."



For many years, we have advocated the principle that benefits for active employees and their dependents and survivors and benefits for retired employees and the survivors should be considered at the same time, on a package basis. We have argued, as it is argued today, that the benefits provided to former employees and their dependents and survivors are part of the fringe benefits for the whole working force. There must be a correlation between benefits provided to those who have formerly retired and benefits promised employees who are to retire in the future. Otherwise, how could present employees be assured that they will not be forgotten as soon as they leave the working force?

Today we are seeking a correlation of survivor benefits under the Civil Service Retirement Act. Prior to April 1, 1948, there was no simple procedure for a retiring employee to provide survivor benefits for his spouse. There was an option for a joint-survivor annuity to be computed on an actuarial basis but it was so complicated that few retiring employees used it. Also, there was no provision for an annuity for the widow of an employee who dies in service.

On April 1, 1948, Public Law 426, 80th Congress, became effective, and permitted a retiring employee to elect a survivor annuity for his spouse by taking a reduction of 10 percent in his annuity, plus a reduction of three-fourths of 1 percent for each year that such spouse was under the age of 60, the total reduction not to exceed 25 percent. The survivor annuity was fixed at 50 percent of the unreduced annuity of the retiree. This law also granted a survivor annuity to the widow of each male employee who died in the service after service of at least 5 years, computed on the basis of half of the amount of the employee would have received if retired on full annuity at the time of his death. Also, this law granted either a free survivor annuity, or an annuity increase of 25 percent—not to exceed \$300—to each married person previously retired. The survivor annuity was set at half of the annuity of the retiree, limited to \$600 per annum. Two years later, Public Law 601, 81st Congress, granted survivor annuities to those who had chosen annuity increases and vice versa, thus assuring survivor annuities to all married retirees prior to April 1, 1948, who were living on that date. By a later law in 1958, the widows of pre-1948 retirees who had died before April 1, 1948, and the widows of employees who had died with 5 years or more of service before April 1, 1948, were granted annuities.

Under Public Law 310, 81st Congress, after September 30, 1949, the cost of a survivor annuity was modified by requiring a reduction of only 5 percent on the first \$1,500 of original annuity, plus 10 percent on the remainder, retaining the three-fourths of 1 percent reduction for each year the spouse was under 60 years of age, and with the maximum reduction limited to 25 percent. This law was not made retroactive to apply to persons previously retired.

Public Law 854, 84th Congress, made a drastic change in survivor annuities, effective October 1, 1956. Thereafter, a retiree could elect a survivor annuity based only on a portion of his annuity, and suffered a reduction of only 2½ percent on the first \$2,400 of such portion, plus 10 percent of the remainder, if any. The survivor annuity was fixed at half of the amount of annuity designated by the retiree.

Extra deductions based on the age of the spouse were discontinued. This enabled a retiree to provide a survivor annuity of \$1,200, for a reduction of only \$60 per year in original annuity. The provisions of this law were not made retroactive to apply to persons previously retired.

The latest change in laws governing survivor annuities was made in Public Law 87-793, effective October 11, 1962, when the amount subject to reduction at 2½ percent was increased from \$2,400 to \$3,600, and the amount of the survivor annuity was increased from 50 to 55 percent of the base. This enabled a retiree, after that date, to elect a survivor annuity of \$1,980 per year at a cost of only \$90 per year. The provisions of this law were not made retroactive to apply to persons previously retired.

During these years since 1948, both salaries and annuities have increased many times, but the increases in salaries have been much greater than the increases in annuities. As a result, the average annuities of persons retiring today are much higher than the average of present annuities of persons retired some years ago.

Because changes in survivor provisions of the law were not made retroactive to persons previously retired, we now find that persons retired prior to October 1, 1956, are suffering the loss of up to 25 percent of their annuities in order to provide survivor annuities of only 50 percent of their unreduced annuities, while persons retired since October 11, 1962, can provide survivor annuities up to \$1,980 per annum for a reduction of only 2½ percent of \$3,600, or an annual cost not to exceed \$90. Even where the age factor did not apply, the man who retired in 1948 who has annuity enough to provide his wife with a survivor annuity of \$1,800 is now suffering a reduction of \$360, 10 percent of \$3,600. The 1948 retiree pays four times as much as the 1963 retiree, but the 1963 retiree can provide 10 percent more in survivor annuity. The retiree in 1950 who has a large enough annuity to provide a survivor annuity of \$1,800 is suffering an annuity reduction of 5 percent on \$1,500, and 10 percent on \$2,100, a total reduction of \$285, more than three times the amount paid by the 1963 retiree, and can't provide as much for his spouse. The 1957 retiree who has sufficient annuity to provide a survivor annuity of \$1,800 for his spouse, is suffering a reduction of 2½ percent on \$2,400 and 10 percent on \$1,200, a total of \$180. His cost is double that of the 1963 retiree, who can provide 10 percent more in survivor annuity for only \$90 per year. The persons receiving the least annuities have to pay the most for survivor protection, and their survivors, who can only look for a percentage of small annuities, are further penalized by a lower percentage formula.

There was a similar problem under the Foreign Service retirement system. For many years prior to 1960, a Foreign Service officer was permitted upon retirement to designate his wife to receive a survivor annuity of half of his unreduced annuity, but he had to elect to receive for his lifetime only 75 percent of this unreduced annuity. He had to pay 25 percent of his annuity to provide his wife with a survivor annuity of 50 percent. In 1960, a new law changed this system and permitted a Foreign Service retiree whose annuity would be at least \$4,800 to provide his wife with a survivor annuity of \$2,400 per year,



at a cost of only \$300 per year—2½ on \$2,400, and 10 percent on \$2,400—which corresponded to the formula in effect at that time under the civil service retirement system. Also, this law set a minimum survivor annuity of \$2,400 for the Foreign Service retirement system. The law was not made retroactive for persons previously retired.

Public Law 89-308, approved October 31, 1965, eliminated these inequities from the Foreign Service retirement system. From now on, the annuities of former retirees who elected survivor annuities at the cost of a loss of 25 percent of their annuities, will be recomputed on the more liberal 1960 formula of \$300 per year to provide survivor annuities of \$2,400. Also, survivor annuities which were under \$2,400 per annum are not increased to the new minimum of \$2,400 per annum. In addition, Public Law 89-308 gives a new opportunity for former retirees who did not elect survivor annuities and pay back the costs for prior years by monthly installments of \$25 deducted from their annuities. This law is directly in point for the civil service retirement system.

There was discrimination against older retirees in the matter of costs imposed for the privilege of providing survivor annuities in the Foreign Service retirement system as in the civil service retirement system. It has been eliminated in the Foreign Service retirement system and should be eliminated also in the civil service retirement system. There was discrimination against survivors of older retirees in the Foreign Service retirement system as in the civil service retirement system. It has been eliminated in the Foreign Service retirement system and should also be eliminated in the civil service retirement system.

Costs are always an important item for consideration in connection with proposed legislation. We cannot give any official figures, because we do not have the basic data which would be required. However, we can present some estimates based on the latest figures we have been able to obtain from the Civil Service Commission.

As of June 30, 1965, there were 171,577 widow and widower survivor annuitants on the annuity rolls, of which 72,955 were widows and widowers (only 94 widowers) of employees who died in service. There were 157,924 widow and widower survivors of former employees who died or retired prior to October 11, 1962, and the total annuities paid to them were reported as \$13,125,220 per month, or \$157,502,640 per year. This indicates that the initial cost of bringing survivor annuities under the civil service retirement system up to the present standard of 55 percent of base annuities would be 10 percent of the present total or \$15,750,264 per annum. This cost might rise slightly as new survivors are added to the rolls, partially offset by present survivors who die, but will reduce annually before long, and ultimately pass out altogether.

Costs of the recomputation of reductions in annuities of retirees are more difficult to estimate, but there are some figures to go on. On June 30, 1965, there were on the rolls 7,325 persons who retired in fiscal year 1948, 8,423 who retired in fiscal year 1949, and 9,693 who retired in fiscal year 1950. From this we estimate that there are now approximately 12,000 former employees who retired between April 1, 1948, and September 30, 1949. This includes men and women and persons who retired under conditions which prevented them from

designating their spouses to receive survivor annuities. Also, the high cost at that time deterred many from electing survivor annuities. Perhaps one-fourth of these retirees elected survivor annuities, and the probable average increase they would receive from recomputation would be \$120 (average annuity \$1,800, and average reduction changed from \$180 to \$60). This would make the cost of adjusting this group \$360,000. From October 1, 1949, to October 1, 1956, there were 93,601 retirees who were still on the rolls on June 30, 1965. It is not likely that more than one-third of these elected survivor annuities, and we estimate the average to be restored to each through recomputation at \$75 (average annuity \$2,000, and average reduction changed from \$125 to \$50). This would make the cost of adjusting this group \$2,340,000. Between October 1, 1956, and October 11, 1962, there were approximately 225,736 retirees who were on the rolls on June 31, 1965, and perhaps 40 percent of these elected survivor annuities, and we estimate the average to be restored through recomputation at \$45 (average annuity of \$3,000 designated as base for survivor annuities, and average reduction changed from \$120 to \$75). This would make the cost for this group about \$4,063,248. The total cost of the recomputation of annuities would be about \$7,763,248.

Under our estimates, therefore, the total cost of eliminating these gross inequities in the civil service retirement system would be about \$23,500,000 and would add less than 5 percent to the package bill proposed by the President. This seems to be a small price for eliminating these great inequities.

We have been waiting a long time for adjustments to eliminate these inequities in the civil service retirement system. At our request, bills to correct these inequities have been introduced by numerous Congressmen during recent years. It seems that there is always some other legislation that is given the preference, and the correction of these inequities had to be delayed.

Last year, we were encouraged when we had an invitation to testify before the President's Cabinet Committee on Federal staff retirement systems. The invitation requested us to concentrate on two or three of the most important changes we felt to be necessary in the retirement system, and we concentrated most of our efforts on the inequities that needed to be corrected in the costs and amounts of survivor annuities. We were told at that time that the committee's report would be available by December 1, 1965, and we waited eagerly and hopefully for that report. In the meantime, Public Law 89-308 was approved on October 31, 1965, correcting most of the survivorship inequities in the Foreign Service retirement system. It was agonizing to see the Cabinet Committee's report delayed on December 1, 1965, delayed further on January 1, 1966, still missing on February 1, 1966, and finally postponed beyond March 7, 1966. When we were finally able to obtain a copy, we searched through it for recommendations that would apply to us, and searched in vain. Our plea for the correction of survivor inequities was not even mentioned. The only recommendation concerning present retirees and their dependents and survivors was commendation for the new cost-of-living increase legislation approved by the Congress last year. There was one other recommendation that might apply to those now receiving survivor annuities and to future survivors of present retirees,



which would permit them to remarry after age 60 without loss of their survivor annuities, but it is not definitely indicated in the report that this privilege would apply to present survivors.

We want to back up our President in his efforts to keep expenses under control during the difficult period when we must carry out military operations in southeast Asia. We commend him for his efforts to bring about comparability in salaries as compared with private industry for the great majority of employees, and holding the line against the threats of inflation at the same time. Our people know what inflation is—they have lived with it for many years. Although we would be assured of another increase sooner if runaway inflation were to come, we don't want the increase that way. It is better for us to keep up the purchasing power of our dollars than it is to have the dollars increased only to fall short again by the time we receive the increase. So we can speak for all retirees and their dependents and survivors when we declare in favor of the President's campaign against inflation. At the same time, we do not think that adding 5 percent to the employee and retiree benefit package, only to correct gross inequities, would contribute to inflation.

Furthermore, we point to one statement in the report of the President's Cabinet Committee on Federal Staff Retirement Systems, that such systems should be equitable and just. We cannot see anything equitable or just in the requirement that those who retired after dedicated careers years ago when salaries were smaller must now continue to pay up to 10 times as much for survivor protection as compared with persons retiring today, and still be unable to provide as high a percentage of survivor benefits. We cannot see how it is equitable or just to correct inequities in the Foreign Service retirement system. Equity and justice should never be denied because costs are involved, but here we find that the costs are very moderate, and we do not see any reason for further delay of these necessary corrections.

We plead for provisions to be incorporated in the bill that you will report out after these hearings (1) to require the recomputation of annuities of all retired employees who retired on or after April 1, 1948, and prior to October 11, 1962, and who elected annuity reductions in order to provide survivor annuities for their spouses, under the more liberal formula enacted in section 1103 of Public Law 87-793, which is now applied to the annuities of employees who retired on and after October 11, 1962, and (2) to increase by 10 percent the annuities of spouse survivors of all former employees who retired prior to October 11, 1962. These two provisions would go a long way to establish equity and justice of survivor annuities and costs in the civil service retirement system, and with the Foreign Service retirement system.

Thank you for this opportunity to appear. We will be glad to try to answer any questions that you may have.

Mr. UDALL. Thank you, Mr. Tarr, for a very hard-hitting statement. I can see that you and your staff have put a lot of work and effort into the preparation of this.

I think you have put your finger on the facts and figures to justify some necessary inequitable adjustments in the retirement system.

I am sure that this statement will be something all of us will want to consider and keep, and it will be a most helpful addition to the record of these hearings.

The gentleman from New Jersey?

Mr. DANIELS. Thank you, Mr. Chairman. Mr. Tarr, I want to commend you and your association for having done your homework in your study and analysis of the retirement and annuity legislation, which exists on the books today, and in pointing out to us the inequities that presently exist.

I am going to forgo asking any question, but wish to assure you that your views will be given very serious study and consideration. The reason I am forgoing asking any questions is because I must attend another very important meeting of another subcommittee of the full committee.

Mr. TARR. Thank you, Mr. Chairman.

Mr. UDALL. The gentleman from New Jersey has certainly done more toward the correction of inequities for Federal retirees in the last several years than any Member of Congress.

Mr. DANIELS. Again, Mr. Chairman, thank you for your kind words.

Mr. TARR. Since we prepared our statement, we have a memorandum here furnished by Mr. Olsen, where the Civil Service listed the probable costs. We stated we thought the cost would be in the neighborhood of \$23 to \$25 million, and the Civil Service stated that it will be approximately \$26 million.

Mr. UDALL. Would you like to have that letter included in the record?

Mr. TARR. Yes, sir.

Mr. UDALL. Without objection, it is so ordered.

(The above-mentioned document follows:)

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON RETIREMENT, INSURANCE, AND  
HEALTH BENEFITS OF THE COMMITTEE ON  
POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C., March 22, 1966.*

Memo to Congressman Arnold Olsen.

In compliance with your request of March 21, 1966, relative to the costs of H.R. 2645, the following information has been obtained from the Civil Service Commission:

*Costs in millions*

	1st year	Total
Sec. 1(a). Recomputation of benefits of employee-annuitants currently on rolls.....	<sup>1</sup> 13.0	112.0
Sec. 1(b)(1). Recomputation of benefits of survivor-annuitants currently on rolls.....	<sup>2</sup> 12.7	128.0
Sec. 1(b)(2). Increase in benefits to surviving spouses of annuitants who die in future.....	<sup>3</sup> .5	115.7
Total.....	26.2	355.7

<sup>1</sup> Will decrease as retirees die.

<sup>2</sup> Will decrease as survivors die.

<sup>3</sup> Will increase as survivors enter rolls.

These figures, of course, do not include costs involved if the bill were enlarged to cover survivor benefits gratuitously awarded, and which were not provided by an election by the retiree.

Sincerely yours,

RALPH J. DEVLIN, *Staff Member.*



Mr. UDALL. The gentleman from North Carolina?

Mr. BROYHILL. I don't have any questions. I would just like to say that this is the most complete statement on civil service retirement that I have seen. I want to compliment you on this. It is clear; it is to the point; and is understandable.

Mr. TARR. Thank you.

Mr. BROYHILL. In many of these statements you see on retirement, you just get lost and can't follow them.

Mr. UDALL. This is a very comprehensive summary and review of all the problems. I think you have done a real service to us in compiling this statement.

Mr. TARR. Thank you, again, Mr. Chairman.

Mr. UDALL. The gentlemen from Alabama.

Mr. BUCHANAN. Mr. Tarr, I want to join in thanking you for this excellent statement. As you know, I have introduced legislation to accomplish this which you request, and you may rest assured that whatever lies within my meager power to add or to detract from the workings of the committee will be done toward the accomplishment of this request and its incorporation in the legislation this year.

Mr. Chairman, it seems to me that not only did Mr. Tarr make an excellent case but a very valid case. The facts are here and they are inescapable.

Federal retirees have a unique problem, because they are totally dependent on action of this Government. They can't receive social security; they can't receive the benefit of private retirement plans from some other outside private corporations where others might work; they are totally dependent on the actions of this Government, and therefore have a unique problem in this area of retirement income.

We have a unique responsibility to them as their employers, and it seems to me that this Government has a unique responsibility. We have a clear precedent for correcting the inequities that have been pointed up so clearly here in the Foreign Service retirement legislation, which was passed last year.

The objections that I have heard have to do with the cost. We have seen that, according to the civil service administration itself, these costs are minimal, considering that this is a government which spreads its charity to the four winds and which has demonstrated great and laudable concern for the needs of people anywhere and everywhere. I think the amount of money that we have invested in a multitude of other ways, and in people toward whom we have a much less direct and clear responsibility, is an indication that we ought surely to be able to spend this relatively small amount to correct clear injustices and clear inequities on behalf of people for whom we are directly and completely responsible. So I think the cost is not a legitimate argument against this thing.

The recomputation problems have been mentioned as some great difficulty here, but, in a computerized government in the electronic age, I can't believe that these simple formulas would be difficult to achieve. Indeed, I believe, if I had a high school mathematics class and a couple of dozen pencils, I could get it done myself. Consequently, I can't see any valid reason why this shouldn't be incorporated in legislation passed this year. You gentlemen have my assurance that I will do everything in my power to see that this is the case. I want to thank you.

Mr. TARR. Thank you, Mr. Buchanan. We are certainly grateful for the help you have given us in the past and for these kind statements this morning.

Mr. NICHOLS. Mr. Chairman, I want to say that, in the 1st session of the 89th Congress, approximately 25 bills were introduced in the House and several in the Senate.

Mr. UDALL. The gentleman from Alabama is very persuasive.

We will now hear from our colleague, Mr. James G. Fulton, a Member of Congress from Pennsylvania.

**STATEMENT BY HON. JAMES G. FULTON, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF PENNSYLVANIA**

Mr. FULTON. Mr. Chairman, I am most grateful to you and the members of your subcommittee for giving me the opportunity of appearing here again this year. I strongly support legislation that will achieve for our dedicated Federal employees full pay comparability with their counterparts in private industry.

I believe you will recall that I have been appearing regularly before this committee every year, and have favored each year the comparability principle which was enacted in 1962. Last year this outstanding committee reported, and the House overwhelmingly passed, a bill that went far toward achieving up-to-date pay comparability for all Federal workers. Unfortunately, in the closing hours of the session last year the House was forced to recede from its earlier action and we had to accept the watered-down version of pay increases, as handed to us by the other body. Consequently, our fine postal workers and Federal employees, who must look to this Congress for their economic welfare and progress, again have found themselves short changed with the comparability principle.

You will recall, also, the many promises that were made last year, both on the House floor and in the other body, that this year things would be different and that early action would be taken to provide the necessary salary adjustments that would bring all our postal workers and Federal employees up to full comparability.

I submit to you, Mr. Chairman, that now is the time when we here in this Congress must honor not only our commitments of last year, but we must also honor and give real meaning to the legislative commitment of full comparability that this Congress enacted in 1962. Congress made the solemn promise of real comparability, and I intend fully to live up to this promise and basic commitment, as a matter of fairness and integrity.

I simply cannot support any position other than full comparability. I am vigorously opposed to requiring Federal employees to help finance our tremendous defense effort and all other vast Federal spending programs by requiring them to work for wages below those being paid in private industry today.

I discard completely the notion that the proposed 3.2 percent arbitrary wage-price guidelines should apply to a group of Government employees who are only attempting to catch up to the wage levels currently being paid for similar types and levels of work in private industry. If any such guidelines are to be applied, they should be imposed only after comparability is achieved.



Mr. Chairman, I sincerely feel that the very least Congress should do this year is to grant our good postal workers and Federal employees the minimum of a 7-percent wage and salary increase. I repeat that we in Congress have a deep and a binding commitment to our U.S. postal workers and Federal employees. We must discharge our obligation as promptly as possible, and the time is now.

With your permission, Mr. Chairman, I would like to quote from a letter I recently received from Mr. Mike Mlay, 57 Sampson Avenue, Pittsburgh 5, Pa.:

I am again writing in behalf of the postal employees and a proposed pay raise. The President recommended a 3.2-percent total. I think that there should be something done about the rising cost of food prices. How can anybody hold down wages to a scale of 3.2 percent when the price of pork went up 33 percent, the price of lunch meat went up about 18 percent, and the price of beef went up about 10 percent, and chickens went up about 15 percent. Just today bread went up 2 cents a loaf and that comes out of 6 $\frac{2}{3}$  percent.

It has been well stated in the issue of the Federal Times of March 23, 1966:

The Federal worker has been selected to be a one-man Army in the war against inflation. This is obvious from a quick look at the pay raise proposal by the President. Not only is it too little, but its effective date is too late.

One factor is certain—the proposed rate won't contribute much to inflation. But, it won't contribute much to morale either.

The administration's avowed aim is to narrow the gap between industrial pay and Government pay. A raise such as the one now being considered is not going to achieve this aim.

The Government ought to be a leader in employee relations. There is no reason why it should not set patterns which could be used by private organizations.

The 1962 Federal Salary Reform Act committed the Government to the principle of comparability. Little has been done since that time to bring about this equality of pay. We believe the increase as now proposed, will serve only to widen the gap.

These are good times from an economic standpoint. Industry is reflecting profits that set records each time they are announced. Workers in the private sector of the economy have reaped major gains in salary and benefits.

If the threat of inflation is real, then it ought to be attacked on a broad front across the whole economy. It is unfair to expect the Government worker to bear the brunt of the cuts while the civilian economy expands around him and forces down his standard of living.

On March 7, 1966, Congress received a message from the President of the United States, House Document No. 402. This message offered recommendations regarding pay, retirement, and other benefits.

As an example this administration offer would establish pay scales for PFS-4 postal clerks from \$5,305 to \$7,230 inclusive, an increase of \$124 to \$168 annually, for steps 1 to 12 inclusive. These figures are based on February–March 1965 and offer a 2.4-percent pay increase, for PFS-4 postal employees and does not provide true comparability. This offer would be effective January 1, 1967. The enactment of this Administration offer would be a grave injustice to all postal and Federal employees and would only compound pay losses that could never be recovered.

I support H.R. 12094 by Congressman Paul Krebs. This bill would grant a 7-percent across-the-board pay increase for all postal and Federal employees, effective July 1, 1966. Just for comparison I offer the following observation: Under the Krebs bill (H.R. 12094) a PFS level 4 postal clerk would receive from \$5,544 to \$7,557 inclusive,

an increase of \$363 to \$495 annually, for steps 1 to 12 inclusive. This bill would be effective much sooner than the administration offer and would help to rectify some of the injustices to Federal employees.

As we all know the principle of pay comparability has been in existing law since October 1962, but has never been implemented. Since this is a commitment by Congress it should be enforced.

I am sure that the members of this subcommittee are familiar with the following items I will discuss: In the message from the President of the United States, letter of transmittal to the Congress of the United States, House Document No. 402, I note the following:

"Among the many blessings which Americans can count is a corps of Federal civil servants that is unequalled anywhere in the world. Honest, intelligent, efficient, and, above all, dedicated, these men and women represent a national resource and a national asset.

"America expects much of these public servants. We have made vigorous demands on their time and energy. We have exacted from them high standards of work and conduct. We established the principle that Government workers are entitled to a pay scale which compares favorably with pay in private industry." (NOTE.—I agree with most of this statement. However, although the principle was established in October 1962, it has not been enforced.)

"We have been true to the principle of comparability." (According to BLS statistics and elsewhere, true comparability does not and will not exist under the recent pay offer by the executive branch.)

"In the brief period since I have been President, employees of the Federal Government have enjoyed pay increases amounting to nearly 12 percent. These increases have done much to close the gap between compensation for Government employees and those in private enterprise." Again I must disagree. My interpretation of the phrase "These increases have done much to close the gap," certainly means that comparability has not been reached and the gap has not been closed.

During the recent meeting of the AFL-CIO Executive Council a pledge of full support was made to its affiliated postal and Government employee unions in their efforts to secure true pay comparability with private industry. The council stated "We are concerned over the failure of the administration to propose to Congress measures to achieve full current comparability between private industry and Federal Government salaries paid to postal and other Federal workers."

In addition the council said "We firmly believe that the Federal Government, the largest single employer in the Nation, must make certain that its employees enjoy every economic and social advance our country makes." The administration has stated that Government workers are entitled to a pay scale which compares favorably with pay in private industry. We, Congress, have agreed that we believe in true comparability in pay for Federal employees, by the enactment of Public Law 87-793 in October 1962. The administration have stated they favor the principle of comparability but have never recommended or supported salary scales that would enforce this commitment. Since many plaudits and compliments have been given Federal employees, I know they would appreciate a 7-percent pay increase, as included in the Krebs bill, effective July 1, 1966. I urge the subcommittee to support and vote for H.R. 12094. I will.



May I also take this opportunity to speak in behalf of the needs of 677,000 retirees and survivors currently on the retirement rolls of the Civil Service Commission.

These people have been described as the "forgotten people" of America. And, in a very real sense, this is true.

I have reviewed the President's statement to the Congress of March 7, 1966, and the brief of the report of the Cabinet Committee on Federal Staff Retirement Systems. I can see very little in these recommendations that will benefit past Government retirees or their survivors.

In the package bill you are now considering, I especially ask an amendment by this subcommittee and propose recomputation of annuities to give parity to past retirees with present workers on the cost of providing survivor annuities.

Why should past retirees have to pay up to 10 times more to protect their spouses after their deaths?

Pennsylvania ranks third in the number of retirees within the Nation. This correction is important to us.

I wish also to call your attention to the 25 or more bills introduced in the first session of this Congress to correct this disparity. I strongly urge prompt and effective consideration to benefit past retirees, as this is only fairness and justice to these fine U.S. retirees.

Gentlemen, again I thank you for this opportunity to speak in behalf of our retired civil service employees.

Mr. UDALL. Thank you, Mr. Fulton, for your helpful testimony. Our next witness is the gentleman from Virginia, Hon. Joel T. Broynhill, a former member of this committee, who has had a great interest in this subject over the years.

#### STATEMENT BY HON. JOEL T. BROYHILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. BROYHILL. Mr. Chairman, I welcome the opportunity to appear before this committee to present my views on pending legislation concerned with Federal employee compensation.

The Federal Government is now served by more than 2.5 million civilian employees who each day find their responsibilities increasing as the actions of the Government affect more and more the people of this Nation and the world.

The primary responsibility for the well-being of these employees rests upon Congress, and this is a very heavy responsibility indeed. The findings of this committee in the course of these hearings and the decisions it reaches are, therefore, of great importance.

The overriding task of this committee is to determine a just and equitable pay increase for classified, postal, and certain other Federal employees. This is a complex and difficult problem. It always is.

There is one basic decision, however, that the committee does not have to reach this year. It is whether there should be a pay raise at all.

The belief that an increase in compensation is both necessary and justified is shared by almost everybody—Members of Congress, the administration, employee organizations, and, of course, the Federal employees themselves. Whereas I feel the administration's proposal is far less than what is needed, I reluctantly support this measure for I believe it is the best possible legislation obtainable at this time.

In addition to supporting this proposed increase for our active Federal employees, I sincerely hope the committee, in its wisdom, will also address itself to the more than 677,000 retirees currently on the retirement rolls. I urge my colleagues on this committee to include a provision to allow a recomputation to give parity to past retirees with present workers on the cost of providing survivor annuities. As a number of our colleagues have pointed out, I believe this inequity is among the most glaring and should be corrected at once.

I further urge that my colleagues give favorable consideration to the recommendation made by Mr. Henry J. Stoffer, president of the National League of Postmasters. In essence, this would provide that a postmaster or supervisor should not receive less salary than those he supervises. The wisdom of this provision is obvious and its implementation is long overdue.

Mr. Chairman, I thank you for this opportunity to speak in behalf of our deserving workers in the Federal service.

Mr. UDALL. Thank you, Mr. Broyhill. We appreciate your appearance here today. Our next witness is our colleague, Mr. Claude Pepper, a Member of Congress from Florida.

#### STATEMENT OF HON. CLAUDE PEPPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. PEPPER. Mr. Chairman, my name is Claude Pepper, Representative, of Florida. My interest concerns the 677,000 Federal retirees and survivors. In the last session of the Congress, I presented facts and statements in their behalf.

In this hearing I wish to support a recomputation relating to costs of protecting former retirees' spouses.

Let us look at the picture of four retirees, each of whom has a basic annuity of \$3,600 but retired at different dates and each electing a survivor annuitant.

Date of retirement	Charge against annuity	Amount received by survivor
1. Since Oct. 11, 1962.....	\$90	\$1,980
2. Oct. 1, 1956, to Oct. 11, 1962.....	180	1,800
3. Oct. 1, 1949, to Sept. 30, 1956.....	<sup>1</sup> 285	1,800
4. Apr. 1, 1948, to September 1949.....	<sup>1</sup> 360	1,800

<sup>1</sup> Nos. 3 and 4 would also be charged  $\frac{3}{4}$  of 1 percent of basic annuity for each year their wives were under 60 years of age at date of retirement.

The cost of providing annuity to survivor under Nos. 2, 3, and 4 had not been adjusted when this law was liberalized. This means these four retirees are still paying the amounts shown above for the identical benefit, yet No. 1, whose widow will receive \$180 per year more than the other 3, is paying much less.

You are urged to include in this "package bill" a recomputation of reduction in retiree annuity under the more liberal 1962 formula ( $2\frac{1}{2}$  percent on up to \$3,600 of annuity, and 10 percent on the remainder and increase survivor annuities to 55 percent of retiree annuities at time of death, will correct this inequity.



I really wonder if Members of this Congress realize or know this disparity exists. Surely it is long past due for correction.

Thousands upon thousands of our retirees and the survivors would benefit by making the correction.

In Florida we have more than 36,000 of the 677,000 retirees. There are near 8,000 in the Miami area. Correction of this disparity would be simple justice.

May I conclude with an urgent request that we do something about it now for these former servants of our Government.

Thank you for hearing me.

Mr. UDALL. Thank you, Mr. Pepper. We appreciate hearing from you on this proposal. The next witness is Mr. John J. Murphy, president, National Customs Service Association. You may proceed Mr. Murphy.

### STATEMENT OF JOHN J. MURPHY, PRESIDENT, NATIONAL CUSTOMS SERVICE ASSOCIATION

Mr. MURPHY. Mr. Chairman and members of the committee, my name is John J. Murphy, I am president of the National Customs Service Association. The National Customs Service Association is an independent organization of employees of the customs service at all levels and in all occupations. We have local branches and members at large throughout the mainland United States and in Alaska, Hawaii, Puerto Rico, and the Virgin Islands. We have members, also, in foreign countries where there are U.S. customs facilities.

We are the only organization that has been accorded formal national recognition under Executive Order 10988 by both the Treasury Department and the Bureau of Customs as representative of employees of the customs service.

Mr. Chairman, we appreciate the opportunity to appear before you to present our views on the need for a salary adjustment for Federal employees and to comment on fringe benefit legislation now before you. We wish to thank Congressmen Udall and Daniels for holding these joint hearings. We appreciate the action of the many Members who have sponsored legislation to bring about salary increases and other benefits.

Mr. Chairman, our statement will be brief as we wish to avoid repeating what has already been said. We will limit ourselves to making a few points:

1. Pay: In our view a pay adjustment of not less than 3.5 percent across the board, effective March 1, 1966, is fully justified. To our mind, Federal employees are now more than 2 years behind comparability and for all practical purposes the fine concept of comparability is but a myth. We do not believe that a pay increase at this time will, in any manner, violate economic guideposts. The guideposts, as we understand them, are to limit salary raises above a certain level. This level is the comparability not yet achieved by Federal employees.

2. Retirement: We strongly support the proposal to permit retirement without age penalty at age 55 with 30 years of service. We believe that service rather than age should determine retirement and look forward to eventually having full retirement after 30 years' service at any age.

We cannot support, in its present form the proposal that the Government be permitted to retire employees at age 55. We believe that there are other means at the command of management to solve the problem of employees whose performance may be marginal. Unless there are some meaningful review and appeal provisions, we fear possible abuse of the compulsory retirement option.

3. Health benefits: We favor the recommendation that the Government and the employee share equally the cost of the health insurance program. This is equitable to all concerned and is a long-overdue improvement in the plan. It is our hope that the Government's share will be increased in the future to bring it more in line with private industry practices.

4. Life insurance: We strongly support H.R. 11879, introduced by Congressman Daniels, a bill that will make many needed changes in the present retirement law. We feel that the recommendations made by the President's Cabinet Committee are completely inadequate.

Mr. Chairman, we greatly appreciate this opportunity to present our views, and wish to express our gratitude to you and the members of the committee for your patience and sympathetic understanding. Thank you.

Mr. UDALL. Thank you, Mr. Murphy. Your presentation has been most helpful. Our next witness today is Mr. Russell M. Stephens, president, American Federation of Technical Engineers.

#### **STATEMENT OF RUSSELL M. STEPHENS, PRESIDENT, AMERICAN FEDERATION OF TECHNICAL ENGINEERS**

Mr. STEPHENS. Good morning, Chairman Udall, and members of the Subcommittees on Compensation and Retirement, Insurance, and Health Benefits.

For purposes of identification my name is Russell M. Stephens. I am national president of the American Federation of Technical Engineers, AFL-CIO, with offices at 900 F Street NW., Washington, D.C. Our union was chartered the AFL in 1918 and since that time we have represented professional engineering, technical, and scientific personnel employed in private industry and in public agencies, including the Federal Government. Among the employees of the Federal Government whom we represent are persons employed in the occupations stated above in various industrial facilities of the Federal Government. These are the men who provide designs and plans for the construction of naval vessels, guided missiles, electronic gear, and much of the hardware required by our defense effort. In addition we represent engineering and technical personnel associated with the planning of reclamation projects, public works, and other necessities of American life.

Our organization, like others in the American labor movement applauded the enactment of the Federal Employees' Salary Reform Act of 1962, Public Law 87-793, and the sensible approach to Federal salary fixing that had been recommended by the Kennedy administration. Indeed, we still support the basic principle enunciated in that act, of salary comparability with private industry scales. This method, if properly utilized, is adaptable to changing economic conditions of the marketplace and would reflect both cost-of-living



adjustments and productivity improvements. We are, however, disheartened over the fact that we are now in the year 1966, nearing the fourth anniversary of the comparability principle, and as yet there has been no real catch-up. The administration has again this year asked its employees to wait until economic conditions change before there can be a real catch-up to bring them on a par with private industry. I must admit that as a labor leader I have yet to be convinced that the administration's wage guidelines are fair and equitable to the worker, as long as there are no controls over high executive salaries and no control over prices except in isolated instances. But it is not my intention at this hearing to debate the equity of the guidelines. I do, however, wish to point out that irrespective of the policy of wage fixing as the guidelines would suggest, employees already suffering inequities as proven by the Government's own figures in the Bureau of Labor Statistics salary survey, have the right to a catch-up with their counterparts in private industry before any controls should be imposed. I might add, that if this Congress should enact legislation that would bring the Federal employee up to comparability based upon the latest BLS survey, the employees would still be behind prevailing rates because the latest survey is now a year out of date. Then again, the administration proposal that any change in salary schedule be deferred until January 1, 1967, puts the Federal employee an additional year behind.

The administration has recommended a salary adjustment which would average out at 2.85 percent increase. The administration's recommendation is that the 2.85 percent available for such increase be scheduled on a sliding scale so as to bring the middle and upper grade employees who suffer the greatest inequity in comparability a little closer to the final realization of the intent of Congress and its pledge to Federal workers in 1962. Various witnesses before this committee have suggested that the 2.85 percent increase be apportioned on a flat percentage basis. I must agree with them that the lower paid Federal employees require at least the 2.85 percent in order to maintain their families properly without country club living and luxuries. I would not subscribe to the theory that employees in the middle and upper grades should receive any less of an increase than the percentage figure recommended by the administration. Our members are all aware of our struggle in Vietnam and the tremendous cost to the Government imposed by that struggle. No hardship is too great a penalty for the preservation of our freedom, and our members are willing to assist their Government in its fight against inflationary trends. Many of our engineering and technical personnel are classified in the middle and upper grades of the salary schedule and we feel that as a minimum we deserve no less than what the administration has proposed and we trust that this committee will keep this in mind.

Only last week, reported in the Federal Register of March 17, 1966, under the authority of section 504 of the Federal Salary Reform Act of 1962, the Civil Service Commission increased the minimum salary rates and rate ranges for GS-6, GS-7, GS-8, and GS-9 professional engineers and architects, certain scientific series and a limited number of technician disciplines in order to recruit personnel in these positions.

These are, generally speaking, the entrance rates in these classifications, the grade level being dependent upon the degree of formal education, whether the employee holds a bachelor's, master's, or doctor of philosophy degree, and the years of experience of the employee. This increase in minimum rates was made necessary to compete with private industry for the services of this type of worker and clearly illustrates the disparities between the salaries offered by private industry and those by the Federal Government. The same disparity is true, but to a larger degree, with respect to employees at higher levels, but recruitment is not generally done at the higher levels; therefore professional engineers, scientists, and technicians above GS-9 must suffer a great inequity as compared to his counterpart in private industry.

Our organization has for many years, along with other AFL-CIO unions of the Government Employees' Council, advocated the right of Federal employees to retire without reduction of annuities after 30 years of service at 55 years of age. We were elated to hear the Chairman of the Civil Service Commission in testimony before this committee advocate such a principle. We do not endorse the advocacy of the administration, however, that hand in hand with such policy a provision be added permitting agencies of the Federal Government to automatically force the retirement of employees at GS-13 and above at age 55 against their will. This is especially onerous in that no recommendation has been made which would establish a procedure whereby an employee could appeal such forced retirement. We do advocate the proposal of the administration that social security credits be granted to Federal employees who have not worked long enough under the civil service retirement system to obtain a vested interest.

We also are happy to endorse the proposal made by the administration to up-date the Government's contribution to the health insurance program. In these days of rising hospital and surgical costs, it is necessary that employees be covered by an adequate health benefits program. The rising costs of the program, however, have made it very difficult for the Federal employee to pay his share of the costs and the administration's recommendation to relieve the employees of a greater portion of this obligation is indeed an excellent suggestion. Chairman Macy testified to a great extent on this item. We endorse in principle all that he said, but with one reservation. In many of our union contracts, health benefits are provided by private employers at no cost whatsoever to the employees. In order to move in part in the direction of comparability, we would suggest that the Government's share of health benefits programs be increased to 50 percent.

Last year when the Congress enacted Public Law 89-301 it wrote into the law the following declaration of policy:

To the maximum extent practicable, the head of any department, independent establishment, or agency, including Government owned or controlled corporations, or of the municipal government of the District of Columbia, or the head of any legislative or judicial agency to which this title applies, shall schedule the time to be spent by an officer or employee in a travel status away from his official duty station within the regularly scheduled workweek of such officer or employee.

We still find that many employees, despite the above, are still required to travel on behalf of their agencies during their off-duty hours. At one location where we represent the engineers and technicians and



where we have exclusive recognition under Executive Order 10988, the employees were even denied their subsistence pay because they did not return to their home location from a European assignment over an off-duty weekend.

With respect to overtime pay, we still find that because of an outdated procedure engineers and technicians in the nonsupervisory levels receive less than straight time earnings for working beyond the 40-hour week. At the present time, time and one-half penalty pay is afforded to employees, with the maximum hourly compensation being based upon the first step of the GS-9. We recommend that this be amended to increase the maximum level on which full time and one-half is paid to the minimum of the GS-12 grade.

I am indeed grateful to have had the opportunity to express the views of our federation before this distinguished committee. I have full confidence that you will give earnest consideration to my statement. Thank you.

Mr. UDALL. Thank you, Mr. Stephens, for your interesting and helpful presentation. The final witness today is Mr. Charles A. Caffrey, chairman, Council of Federal Professional Organizations.

#### STATEMENT OF CHARLES A. CAFFREY, CHAIRMAN, COUNCIL OF FEDERAL PROFESSIONAL ORGANIZATIONS

Mr. CAFFREY. Mr. Chairman and members of the subcommittee, I am Charles A. Caffrey, chairman of the Council of Federal Professional Organizations. I am here today to speak on behalf of the professionals in the Federal Government—to delineate their problems, give voice to their needs and to ask for that which, I feel, is only right and just.

The council is a relatively new association. Yet in the short 6 months of its existence it has drawn into the circle of its deliberations professional organizations from among the following Federal agencies: Federal Aviation Agency, Federal Trade Commission, Interstate Commerce Commission, National Aeronautics and Space Administration, National Labor Relations Board, and the U.S. Patent Office.

We feel the council can speak on the matter under consideration by this committee not only for the 4,000 professionals who make up the membership of these organizations but also for the tens of thousands of other Federal professionals who, as yet, have no one to represent them before this body.

We will not belabor our testimony with statistics which undoubtedly, you have heard repeated again and again during these past weeks of hearings. We pause only to mention that these figures, gathered at great expense by the Government's own Bureau of Labor Statistics, tell a story and define an inequity far more clearly and graphically than anything that can be said here. Our testimony, in truth, is mere counterpoint to the theme developed so completely in the Bureau of Labor Statistics tables. If this be the case, it might be asked why we are here seeking your attention. We have come because past experience has shown that facts, no matter how clear, are often submerged in a flood of words from those who find those facts unpleasant, because too often the well organized and therefore powerful representatives of the more numerous lower grades have achieved that

which flies in the face of equity, and this usually at the expense of the middle and upper grades and, finally, because there has been a dearth of those who would speak, unequivocally, for the Federal professionals. These are the reasons for our existence; these are the reasons why we are present today to state the obvious.

Here then is what we consider to be obvious: First, Federal employees in the middle and upper grades, the bulk of whom are the professionals we represent, are being paid at rates significantly less than their equivalents outside of Government. Second, the degree of this disparity is steadily increasing, year by year, to the point where true comparability seems almost unattainable. Third, the greater the difference between industry and Government pay scales, the greater the difficulty in obtaining and retaining sufficient professionals for Federal service—a difficulty all too apparent even now in some agencies. Fourth, the inevitably requested “across the board” pay increases do not mitigate the comparability problem; they rather magnify it, since they engender a frustration and dissatisfaction among Federal professionals that materially enhances the desirability of non-Government jobs.

We come before you, therefore, in basic support of the President’s pay recommendations. We do this not because, if enacted, they will achieve comparability, since they obviously will not; nor because they will even take a significant step toward comparability achievement, since they will not do this either. We seek enactment of the President’s recommendations in the single hope that by doing so at least the concept of comparability can be kept alive; that Congress, thereby, will reaffirm its intent, someday, to make right that which cries out for remedy.

Some have come before you and said that comparability is dead. If so, then the cancer of mediocrity and uniformity which caused this demise will surely work its way through the proud edifice of Federal service and finally render it incapable of excellence. All of us, Government worker and non-Government worker alike, will be the ultimate victims of this glorification of sameness.

It is not much that we ask. In actuality, it is little more than a showing of good faith. The President submitted his proposals as being reasonable, desirable, and within the wage-price guidelines he has established. We hasten to point out that it is manifestly unfair and amounts to discrimination to apply such guidelines to those whose salaries are universally recognized as being far less than they should be. Nevertheless, being mindful of the realities of the world situation, we feel it incumbent upon us as patriotic citizens to acquiesce to the President’s proposals, even though, in principle, we feel that much more substantial increases in the middle and upper grades are justified. So it is that we beg your favorable consideration of his proposals and request the inclusion of a graduated pay raise scale in any bill that you recommend.

Parenthetically, I would like to add the council’s voice to that of others who have appeared before you and urge the adoption of an earlier effective date than the proposed January 1, 1967. July 1, 1966, is much to be preferred.

Additionally, regarding the fringe benefits, the council finds merit in and wholeheartedly supports optional retirement at age 55 with



30 years' service. We do feel, however, that insofar as the forced retirement provisions are concerned, adequate safeguards such as a showing of good cause and appeal rights should be provided.

In conclusion then, let this be said—the professionals in Government for far too long have been put off with promises of comparability. It may be that we cannot expect at this time the fulfillment of these promises. Surely, however, it is not too much to expect that there be some "payment on account." This is all that we seek.

Mr. UDALL. We appreciate having you appear before the subcommittee today, Mr. Caffrey.

The Chair has statements from the gentleman from California, Mr. Dyal, and the gentleman from Utah, Mr. Burton. Without objection, they will appear in the record of these hearings at this point.

(The statements referred to follow:)

STATEMENT OF HON. KENNETH W. DYAL, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF CALIFORNIA

Mr. Chairman, my name is Ken W. Dyal, Representative of the 33d Congressional District, California. My interest concerns the 677,000 or more Federal retirees and survivors. Cost-of-living increases hurt our Federal retirees with fixed incomes. Thousands of our Government retirees have very low annuities. This is due to two causes; the first being increases in living costs and the other being charges against their annuities.

The National Association of Retired Civil Employees is the champion of these former Federal workers. They have asked the Congress through the years to introduce bills in their behalf. They are just as much interested in being fair to the Federal Government as they are to the retirees. We are presently considering a package bill to aid the Federal worker and the retiree. I urge that a section of this package bill include a recomputation of the cost to former Federal retirees who in some cases pay as much as 10 times more than today's retirees to protect their spouses. Numerous bills covering this objective were introduced in the first session of this Congress. My bill is H.R. 4162.

A section of the "package bill" to recompute the reduction in retiree annuity under the more liberal 1962 formula (two and a half percent on up to \$3,600 of annuity, and 10 percent on the remainder) and to increase survivor annuities to 55 percent of retiree annuities at the time of death will correct inequities. In California we have over 75,000 Federal retirees—now more than 10 percent of all Federal retirees. So you can easily see the reason for my great concern and interest in these deserving folks.

As I stated last year before this committee, California, because of its climate and congenial environment, is the goal of many retirees. While it is true there is a heavy concentration of retirees in California, I plead consideration for these people regardless of their retirement residence.

Thank you, Mr. Chairman, for permitting me to offer this statement concerning this urgently needed corrective legislation.

STATEMENT OF HON. LAURENCE J. BURTON, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF UTAH

Mr. Chairman, I appreciate the privilege of appearing before this subcommittee to speak in support of the legislative program of the National Association of Retired Civil Employees.

There is rising alarm in this country regarding the unmistakable spiraling of living costs. This is a matter of concern to all of us. Every housewife is feeling it when she goes to the grocery store. Every breadwinner is aware of it when it comes time to make the paycheck cover the bills.

But the groups that have the greatest cause for alarm at rising living costs are those who have fixed incomes and little opportunity to make their earnings increase to meet the costs. One such group is made up of those who are retired on fixed incomes, and this group is deserving of help.

One area of particular concern for the retired civil employee is that of survivor benefits. It is reasonable that the retired worker should desire to provide for benefits to take care of widows or other dependents in the event of the retiree's death. Those who have retired from civil service positions in recent years are able to do this at a rather reasonable cost—two-and-a-half percent deduction from their annuities. But many persons who retired more than 10 years ago still are able to provide survivor benefits only by a 25-percent deduction. In addition, survivors of former employees who retired before October 11, 1962, receive only half the annuity paid to the spouse. Survivors of more recent retirees receive 10 percent more.

The requests of the National Association of Retired Civil Employees are that (1) annuities of all persons who retired before October 11, 1962, and who elected to provide survivor annuities be recomputed to give them the benefit of the more liberal formula authorized since that date, of two-and-a-half percent on up to \$3,600 of annuity, and 10 percent on the remainder; (2) annuities of survivors of former employees who are now receiving or are eligible for less than 55 percent of the annuities of the former employee, be recomputed to provide 55 percent of the annuities at the time of death of the retiree. The association also favors an increase in the percentage of the survivor annuity to be awarded to all present survivor annuitants as well as those who will become survivor annuitants in the future.

Mr. Chairman, these seem to me most reasonable requests, and I urge that your committee take favorable action on the association's program.

Mr. UDALL. At this time, without objection, the following letters which have been submitted will be inserted in the record.

(The letters referred to follow:)

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
Washington, D.C., March 17, 1966.

Hon. JOHN W. MACY, Jr.,  
Chairman, U.S. Civil Service Commission,  
Washington, D.C.

DEAR MR. CHAIRMAN: During the course of the pay hearings, a number of employee organization witnesses have complained about the failure of the administration to put into effect the additional uniform allowance provided by the 1965 Pay Act.

Typical of the complaints was the testimony of Mr. Nathan Wolkomir on March 14, which I presume you have reviewed.

Several committee members have voiced disappointment and concern, and there is some talk of inserting strong language in the current bill or in the report.

It would be very helpful to me if, before the hearing record closes, I could have a letter report from you explaining why the employees have not received the benefit of this additional allowance and what action is planned to make it effective.

Sincerely yours,

MORRIS K. UDALL, *Chairman.*

U.S. CIVIL SERVICE COMMISSION,  
Washington, D.C., March 23, 1966.

Hon. MORRIS K. UDALL,  
Chairman, Subcommittee on Compensation,  
Committee on Post Office and Civil Service,  
House of Representatives, Washington, D.C.

DEAR MR. UDALL: This is in reply to your letter of March 17, 1966 regarding the increase in the maximum uniform allowance which was provided by the Federal Employees' Salary Act of 1965.

This is a subject over which the Civil Service Commission has no jurisdiction. The Bureau of the Budget issues regulations implementing the law.

It is apparently the administration of the allowance by the Post Office Department which has led to the complaints voiced by witnesses appearing before your committee. We understand that you have asked that Department to furnish information on the subject directly. I believe that I can add nothing to what the Department will report.



A member of the Commission's staff has inquired informally about the situation in two other agencies which pay uniform allowances. We find that the Department of Agriculture has changed its departmental regulations to reflect the new maximum permitted by the law. That Department has found the increased rate necessary to cover the cost of uniforms for some of its employees. The General Services Administration, on the other hand, while it authorizes allowances which are adequate to cover the cost of uniforms prescribed for craftsmen, custodial workers, vehicle drivers, and certain other employees, has not had to establish rates as high as the old maximum. The General Services Administration reviews the allowance rates annually, on the basis of the cost of prescribed uniforms.

The General Services Administration does not pay an allowance to guards. It furnishes the uniforms to the employees, maintains them, and replaces them as necessary.

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

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POST OFFICE DEPARTMENT,  
ASSISTANT POSTMASTER GENERAL,  
BUREAU OF PERSONNEL,  
Washington, D.C., March 23, 1966.

HON. MORRIS K. UDALL,  
*Chairman, Subcommittee on Compensation,  
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: During the course of the hearing you have been conducting on pay legislation this year, some witnesses have brought to your attention the fact that, as of this date, the Post Office Department has not increased the monetary allowance authorized to certain employees required to wear a prescribed uniform. Under the provisions of Public Law 89-301, enacted October 1965, agency heads were authorized to spend for each employee for uniform purchases a maximum of \$125 a year in lieu of the former maximum of \$100 a year.

Since enactment of Public Law 89-301 we have given much attention to the most equitable and efficacious means of implementing the increased authority granted by Congress.

We have held a series of meetings with representatives of employee organizations and with key members of the uniform manufacturing and retailing industry to review such matters as alternative means of uniform acquisition, prices for uniforms, methods of precluding disciplinary problems arising out of the current allowance system, etc. Because any change would have a most profound effect on employees and the uniform industry we wished to thoroughly air all of the issues. These meetings produced a number of significant facts for review as to industry ethics, licensing of vendors, price restraint, contracting for certain garments, reimbursement procedures, quality control, standardization of uniforms, and administrative costs. These matters are now being analyzed to determine what changes we will undertake.

During the course of these meetings, we repeatedly assured our employee organizations that we wished to negotiate with them an adjustment which would be fair and sound both to the employee and his Government and that such negotiations would be taken up as part of the negotiations of our national agreement which, incidentally, are now underway.

I believe our discussions with the leaders of the uniform industry and employee representatives on the administration of the uniform allowance program have been of tremendous value and basic to any negotiations on adjustment of the allowance. While the law authorizes the Postmaster General to set the maximum allowance appropriate for each category of uniformed employee, as a matter of past practice we have established the precedent of discussing the matter with employee representatives to reach an accord on the amount of the allowance.

As an indication of our sincerity in this regard, our supplemental appropriation request, now pending before Congress includes additional funds to provide for an increased expenditure in the uniform allowance program this fiscal year.

Employee organizations will be notified this week that we are ready to negotiate the uniform allowance with them. I cannot advise at this point what the results of the negotiations will be. I do believe, however, that an adjustment is clearly in order for the new employee.

We appreciate your bringing to our attention your great concern over the uniform allowance program and I will inform you of the results of our new negotiations.

Sincerely yours,

(Signed) RICHARD J. MURPHY,  
*Assistant Postmaster General.*

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON COMPENSATION OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C., March 21, 1966.*

HON. WILBUR D. MILLS,  
*Chairman, Committee on Ways and Means,  
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: In accordance with our informal conversation on March 7, with respect to the President's 1966 Federal employees' salary message, I am enclosing for your information a committee print embodying the President's proposals which I have had prepared for consideration by all parties concerned.

I have not yet introduced a bill to carry out the President's recommendations, because both the language and the principles involved have not yet, in my judgment, been firmed up sufficiently for that purpose. The committee print is a tentative draft, from which our committee members will work toward a clean bill to be introduced, and I hope it will serve your purposes as well.

That part of the President's recommendations which would provide social security protection for Federal employees is contained in part V, beginning at page 69 of the committee print. Although part V covers only nine pages, I think you will agree that it is a key principle of the President's recommendations. Therefore I will very much appreciate your considering it, particularly from the standpoint of whether or not your committee would have any objection if our committee were to include this feature along with the entire Federal employee package recommended by the President.

We would want, of course—if your committee has no objection—to have the advice and assistance of your committee staff in our own study of this social security feature, in preparing for the markup of a bill to be introduced, and in the writing of that part of a committee report dealing with part V. The committee print was received from the printer over the weekend, during my absence, and I am informed that copies have already been sent the chief counsel of your committee and Mr. Saperstein of the Social Security Administration.

Today I was informed of the Speaker's interest in early consideration of this whole measure, so I have scheduled our subcommittee executive sessions for markup of a bill on Wednesday and Thursday of this week, March 23 and 24. We hope to be able to report a bill for consideration by the full Committee on Post Office and Civil Service in executive session next Tuesday, March 29, so that the bill may be reported promptly to the House.

With deep appreciation for your cooperation and assistance, I am,  
Sincerely yours,

MORRIS K. UDALL, *Chairman.*

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
*Washington, D.C., March 22, 1966.*

HON. MORRIS K. UDALL,  
*Chairman, Subcommittee on Compensation of the Committee on Post Office and  
Civil Service, House of Representatives.*

DEAR MR. CHAIRMAN: Pursuant to your request in your letter dated March 21, the Committee on Ways and Means met this afternoon to consider part V of your committee print dated March 19, 1966.

After some discussion, it was decided that Mr. Byrnes, Mr. Keogh, Mr. Broyhill, and I would each introduce in the House today, if time permits, bills which would embody part V of your committee print. The Committee on Ways and Means felt, as you indicated in your letter, that the matters covered in part V are within the jurisdiction of this committee and should be handled by this committee.



I am sure you are aware of the fact that our committee directed the Department of Health, Education, and Welfare and the Civil Service Commission some time ago to study the subject of the coverage of civil service employees under the social security system. A joint report dated March 13, 1965, was submitted to our committee on this subject. However, the Department of Health, Education, and Welfare, in connection with our consideration of the matter last year, requested that we take no action until the special Cabinet Committee had completed its review of the matter. On March 7 of this year, the report of the President's Cabinet Committee on Federal Staff Retirement Systems was made public. The Committee on Ways and Means has not had time to review this report. There are many problems of relationship of the two systems of which this committee has taken note in the past, and the view was expressed that we would prefer to act overall rather than on a piecemeal basis.

While this is not within the jurisdiction of the Committee on Ways and Means, in our discussions today it was also decided that we should alert you to the fact that the proposal in your committee print, relative to insuring that civil service benefits shall be no less than the social security benefits that would have been payable if the Federal employment had been covered by social security, is an area that you should consider with some caution. Our reason for this is the experience under a similar provision which is contained in the Railroad Retirement Act, which is also not within our jurisdiction. In the Railroad Retirement Act provisions, any general change which we make in social security benefits has an effect, due to the automatic features of the Railroad Retirement Act, on railroad retirement benefits. This, to say the least, has become somewhat awkward to us because we are very concerned that we might affect railroad retirement benefits in such a way as to have an adverse impact upon the actuarial soundness of that system. We believe that you should consider any potential problems along this line which might be created should such an automatic provision be put into your bill relative to a change in civil service benefits due to any future general change which we might make in social security benefits.

We are most appreciative of your consideration in bringing these provisions which are within our jurisdiction to our attention.

Sincerely yours,

WILBUR D. MILLS, *Chairman.*

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HOUSE OF REPRESENTATIVES,  
Washington, D.C., March 24, 1966.

HON. MORRIS K. UDALL,  
*Chairman, Subcommittee on Compensation,  
House Post Office and Civil Service Committee,  
Washington, D.C.*

DEAR MR. CHAIRMAN: I would like to express my interest in the hearings being conducted by your committee regarding the compensation of Federal employees.

It is the opinion of many of my constituents and myself that the standards set forth in the Federal Pay Act of 1962 have not been met. One group in particular, the Postal Union of Providence, R.I., has expressed its opposition to the proposals for compensation of those in the lower grades and the inadequate contribution of the Federal Government toward hospital premiums.

I would greatly appreciate your committee's consideration of these matters. With warmest regards, I remain,

Yours sincerely,

FERNAND J. ST GERMAIN,  
*Member of Congress.*

Mr. UDALL. There being no further witness scheduled, we will stand adjourned, subject to the call of the Chair.

(Whereupon, at 10:22 a.m., the hearing was adjourned.)







R Legislative History on:

P.L. 89-504

# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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## HEARINGS BEFORE THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE UNITED STATES SENATE EIGHTY-NINTH CONGRESS SECOND SESSION ON H.R. 14122

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APRIL 20, 21, 22, 25, 26, and 27

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# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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WEDNESDAY, APRIL 20, 1966

U.S. SENATE,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met at 10 a.m., pursuant to call, in room 6202, New Senate Office Building, Senator A. S. Mike Monroney (chairman of the committee) presiding.

Present: Senators Monroney, Yarborough, Randolph, Hartke, Brewster, Carlson, Simpson, and Boggs.

Staff members present: John M. Burzio, Staff Director David Minton, General Counsel; and Frank A. Paschal, LeGrand A. Rouse II, and Hugh B. Key II, professional staff members.

The CHAIRMAN. The Committee on Post Office and Civil Service will be in session.

This hearing is convened to hear testimony on H.R. 14122, the Federal Salary and Fringe Benefits Act of 1966. This bill, as passed by the House of Representatives, provides a 2.9-percent increase in salary, enactment of 30-year retirement at age 55, increased Government contributions to the Government employees health insurance program, and certain other improvements in the characteristics of Federal employment.

Of major importance to the administration and this Congress is the recognition of certain principles of economic growth which have in recent years been called wage-price guideposts. We all know that the House of Representatives made every effort to devise legislation in harmony with the administration's recommendations.

This committee will make the same effort. We did so in 1965. We are aware of the effect which rapid increases in wages and prices can have on the American economy. We are also aware of the needs of our Federal employees and the necessity of fair and attractive salaries and fringe benefits.

It is my hope that these hearings can be completed as soon as possible so that the committee can begin executive discussions on this bill and the suggestions recommended in these hearings. I strongly urge all our witnesses to express themselves as briefly and succinctly as possible.

Any written statements submitted by a witness will be printed in full in the record. I do not wish to discourage fair deliberation by our witnesses or adequate examination of the issues by our members, but I am sure we all agree that getting a good pay bill enacted early is of primary importance.

Our distinguished ranking minority member, Senator Carlson, has a serious committee conflict and, in order to allow him to leave

when it is necessary, I would like to have him make whatever opening statement he would like to make in this important matter.

Senator CARLSON. Thank you, Mr. Chairman.

All I want to say is I appreciate our Chairman's calling early hearings on H.R. 14122, which is the Federal Salary and Fringe Benefits Act of 1966, and I want to assure you that I will cooperate in any way I can to get hasty action on it. I do regret this morning that Secretary McNamara is testifying before the Senate Foreign Relations Committee on a very important matter. I am a member of that committee and, if I walk out, I hope you and those interested in this legislation will understand.

The CHAIRMAN. Our first witness is the Honorable John W. Macy, Jr., Chairman of the U.S. Civil Service Commission.

Will you please step forward and introduce the gentlemen accompanying you.

**STATEMENT OF JOHN W. MACY, JR., CHAIRMAN, U.S. CIVIL SERVICE, ACCOMPANIED BY O. GLENN STAHL, DIRECTOR, BUREAU OF POLICIES AND STANDARDS; ROBERT F. MILKEY PAY SYSTEMS, BUREAU OF POLICIES AND STANDARDS; AND ANDREW E. RUDDOCK, DIRECTOR, BUREAU OF RETIREMENT AND INSURANCE**

Mr. MACY. Thank you. I am accompanied by Mr. Glenn Stahl, Director of the Bureau of Policies and Standards; Mr. Robert F. Milkey, from the same Bureau; and Mr. Andrew E. Ruddock, Director of the Commission's Bureau of Retirement and Insurance, in view of the broad coverage of this bill. They will remain behind me for my first statement, and I will call them into action in the event questions necessitate their assistance.

Senator BOGGS. Would you yield a second so I may make apologies to our distinguished witness this morning, Mr. Macy and other witnesses, and ask the permission of the Chairman of the committee to be excused briefly. I have three committee meetings at 10 o'clock. One is agriculture and we are in executive session acting on some legislation on the committee and it is essential to make a quorum. I will be back as soon as I can.

The CHAIRMAN. We appreciate your coming by.

Senator YARBOROUGH. As you know, in the Senate Appropriations Committee, the Secretary of the Treasury is testifying over there. I don't think anything else could pull me away, except the pay raise for Federal employees.

The CHAIRMAN. We appreciate your being here.

You may proceed, Mr. Macy.

Mr. MACY. Mr. Chairman and members of the committee, I appreciate this opportunity to open your hearings on 1966 proposals for Federal employee pay and benefits. As I have said on similar occasions in the past, I regard this as a most important area of Federal management.

With your permission I would like to include in the hearings at this point the message of the President on March 7, 1966. It features the Presidential program and recommendations.



The CHAIRMAN. It will be included in the committee record but not in the printed hearings.

Mr. MACY. Thank you, sir.

#### I. GROSS COMPENSATION

The proposals before you affect both salary and supplementary benefits, which are the elements of gross compensation of the Government's personnel. I should like to emphasize at this point the interrelationship of all forms of compensation and the necessity from now on for considering the effect on gross compensation whenever a change is proposed in any of its elements.

With supplemental benefits becoming an ever larger portion of the whole, in Government as in industry, we can no longer dissociate salary and other elements of total compensation. An increase in salary schedules, for example, does not affect only direct expenses for salaries of employees on the rolls. It automatically raises rates of premium pay, the Government's contribution for retirement and insurance, the high 5-year average salaries and thereby the annuities of employees who will be retiring, the lump sum leave liability of the Government, and the severance pay of employees who may be involuntarily separated. Over the years, these expenditures and liabilities mount into the billions.

I suggest that we hold this underlying factor in mind as I address myself, first, to the proposed adjustment of Federal statutory salary schedules set forth by the Congress in relation to policies and procedures of the Federal Salary Reform Act of 1962.

#### II. ADJUSTMENT OF STATUTORY SALARY SCHEDULES

Present Classification Act salaries are somewhat above or equivalent to 1964 private enterprise salary levels at the lower grades, up through GS-5; they then gradually drop back below private enterprise levels at the middle and upper GS grades.

The adjustment that was proposed by the President would maintain full comparability at grades up through GS-5, bringing these salaries up to private enterprise levels most recently reported by the Bureau of Labor Statistics last November. Above GS-5, where comparability was not attained in the 1965 pay legislation, the proposed schedule would move toward, but not all the way up to, private enterprise salaries.

From grade GS-9 through grade GS-14, the proposed increases amount to about three-eighths or 37½ percent of the difference between present Federal and private enterprise rates. The increases become greater at the higher grades in this span, where the differences are greater. The proposed increases become smaller again at GS-16, GS-17, and GS-18, however, because present salaries are already close to level V of the Federal executive salary schedule.

The reason for this pattern of increases, in addition to the effect of the pattern of current rates, is that the Bureau of Labor Statistics report released in November 1965, shows greater increases in private enterprise pay for professional and administrative occupations than for clerical workers. This has been a continuing trend over the past 4 years.

#### 4 THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

The 1965 BLS report summarizes the 4-year trend of private company pay rates for three occupational groupings as follows:

	<i>Increase in salaries, 1961-65</i>	<i>Percent</i>
Clerical-----		10. 6
Lower professional and administrative-----		13. 7
Higher professional and administrative-----		15. 2

The Civil Service Commission-Bureau of the Budget comparisons of Federal salary levels with the latest BLS findings in private firms take this trend into account. To do so involves changing slightly the pattern of grade-to-grade salary progression in developing the Classification Act salary rates which would represent full comparability with private enterprise rates. The new pattern fits more closely the rates reported by BLS for work levels in private industry equating with grade levels of the Classification Act.

The President also proposed parallel adjustments for the Postal Service, Foreign Service, and Veterans' Administration medical pay schedules, the four statutory schedules.

Proposed schedules would bring postal salary scales fully up to the latest private enterprise standard, reported in November 1965, at all levels up through PFS-4. These levels include about 88 percent of all postal employees.

In addition, pay for more than 470,000 Classification Act employees in grades up through GS-5 would also meet this standard. Altogether, nearly 1 million employees of the approximately 1,800,000 affected by the President's proposals would achieve full pay comparability with private enterprise rates as last officially reported.

The President's proposed adjustment of salary schedules would provide an average increase of 2.85 percent over all schedules. This increase, taken together with the proposed increase in supplemental benefits, is entirely consistent with the economic guidepost for avoiding inflationary pressures. The increases would be distributed among Federal grade levels consistently with the differing rates of increases at different salary levels in private enterprise repeatedly shown by the Bureau of Labor Statistics annual surveys.

For budgetary reasons, in the face of increased expenditures for Vietnam operations, the President asks an effective date of January 1, 1967, for the salary adjustment. On this, the Director of the Bureau of the Budget will elaborate when he appears before you.

Salary schedules in H.R. 14122, as passed by the House of Representatives, do not meet these criteria. I urge you to substitute the pay provisions of the President's proposals for the 2.9 percent across-the-board increase in the House bill. An across-the-board increase of this kind (more exactly, a 2.9 percent at the first 15 GS grades and 2 percent at the 3 highest grades) is contrary to the statutory comparability principle. It advances salaries of the lower grades as much as or more than those of the higher grades, even though Bureau of Labor Statistics surveys show that this is contrary to pay trends in the private economy. The result is a widening gap with prevailing pay at the upper Federal levels.

#### III. OVERTIME AND SUNDAY PAY

The House bill, H.R. 14122, adds new overtime and Sunday pay benefits for most Federal employees. Equity allows no alternative



but to concur in the proposals to extend to additional groups overtime pay for work in excess of 8 hours in a day and premium pay at 25 percent of base rates for nonovertime work on Sunday.

Both postal and wage-board employees now have daily overtime pay provisions and it is equitable to extend these provisions to salaried workers whose overtime pay is governed by the Federal Employees Pay Act of 1945, as amended. Congress last year prescribed premium pay for nonovertime Sunday work of postal employees; it is equitable to extend the same policy to other salaried employees and to those paid under wage-board schedules.

H.R. 14122, however, would also extend the full time-and-one-half overtime rate from the maximum salary of PFS-7 to the top rate of PFS-10 for the postal service, and from the minimum rate of GS-9 to the minimum rate of GS-10 for Classification Act and other salaried employees. This would be a new policy for both groups, and the need for such a change in policy had not been demonstrated.

Nonsupervisory clerical and equivalent-level workers in private firms are generally required by the Fair Labor Standards Act to be paid time-and-one-half rates for work in excess of 40 hours in a week, but the act exempts from this provision professional, administrative, and executive personnel.

Thus, most of the kinds of positions covered by the act are similar to those most common in Federal grades GS-5 and below. In administering the act, one consideration in determining whether a position is exempt as professional, administrative, or executive is whether its salary is as much as \$150 a week, which amounts to \$7,800 a year.

Lower salaried positions may also be exempted, but a salary of \$7,800 or more eliminates some of the other criteria required for positions at lower rates. This figure is very close to the minimum salary rate of grade GS-9, up to which the Federal Employees Pay Act now provides a full time-and-one-half overtime rate. The President has proposed \$7,705 as the minimum rate for this grade and \$8,475 as the minimum for grade GS-10; H.R. 14122 proposes \$7,696 as the GS-9 minimum rate and \$8,421 as the lowest rate of GS-10.

In the postal service, the top rate of PFS-7, to which level the the full time-and-one-half rate now applies, would be \$8,705 under the President's proposal and \$8,725 under H.R. 14122. Both of these are well above \$7,800. The top rate for PFS-10 would become \$10,892 or \$10,900 under these proposals.

Although not required by law to pay at all for overtime of workers exempt from the Fair Labor Standards Act, some private employers do so. A report recently released by the Bureau of Labor Statistics, Bulletin No. 1470, "Supplementary Compensation for Nonproduction Workers, 1963," throws some light on the extent of this practice. Among 749 reporting establishments, nearly two-thirds reported no overtime compensation for exempt workers. Most of the one-third paying exempt groups for overtime work pay less than a time-and-one-half rate.

The findings of this extensive survey do not support a time-and-one-half rate of overtime pay at higher Federal grades than those for which it is now prescribed. Most employers do not pay at all for overtime work of personnel at the higher salary levels; the Govern-

ment is already ahead of common practices at these pay levels in providing overtime pay (even though at less than time-and-one-half rates) up through grade GS-15.

Further, the provision in the bill is not even internally equitable; time and one-half would be paid in the postal service up through level PFS-10, with a top salary of \$10,892, but under the Classification Act only up through the minimum salary of GS-10, \$8,421. The present limits are \$8,481 for the postal service and \$7,479 for the Classification Act, not by any means exactly the same but considerably closer than under the proposal in H.R. 14122.

#### IV. IMPROVEMENTS IN THE RETIREMENT AND HEALTH BENEFITS SYSTEMS

Mr. Chairman, the administration's proposals for change in the retirement system incorporated a number of measures recommended by the Cabinet Committee on Federal Staff Retirement Systems. This bill, H.R. 14122, includes some but by no means all of them. One key administration recommendation that is not included would provide for improved financing and funding of the system.

The House Committee on Post Office and Civil Service has informed us that the rest of the recommendations, including those dealing with financing, will be dealt with in early hearings. We anticipate hearings also by the House Ways and Means Committee on those recommendations which involve the Social Security Act as well as the retirement and health benefit systems.

I hope that your committee, Mr. Chairman, too, will plan early consideration of all of the President's recommendations, since certain of them are of major importance both to employees and to Government.

##### A. HEALTH BENEFITS CONTRIBUTIONS

Title VI of H.R. 14122 would restore the original overall ratio of Government to employee contributions in payment of health benefits premiums. This would be accomplished by increasing the Government's basic biweekly contribution rate from \$1.25 for a self-only enrollment and \$3 for a family enrollment to \$1.62 and \$3.94 respectively.

With the 4-percent overlay for contingency and administrative reserves which is required by the health benefits law, the present biweekly contribution rates total \$1.30 for self only and \$3.12 for family, and the increased contribution rates, as provided by title VI, would be \$1.68 for self only and \$4.10 for family.

This increased Government contribution would become effective with the first pay period beginning in July of 1966. We estimate that the total cost of this House-approved item would be \$48 million in fiscal year 1967 and in each year thereafter, of which \$34 million is attributable to employees in the four major statutory pay systems covered by this legislation.

Because of the way the existing formula for determining the Government's contribution has worked, there has been no increase in that contribution since the program began in 1960. The administration recognizes that an increase in the Government's contribution is in order, and in his March 7, 1966, message to the Congress the President recommended an increase.



However, in order to stay within the wage guidepost, the President recommended that the increase in the Government's contribution to health benefits premiums be in two phases rather than in one, as title VI provides.

The first phase would be effective in January 1967 and would increase the Government's biweekly contribution from the present \$1.30 for self only and \$3.12 family to \$1.49 and \$3.61, respectively. This first phase would cost a total of \$24 million with half this amount being expended in fiscal year 1967 and the other half in fiscal year 1968.

The second phase of the increase would be effective in January 1968 and would further raise the Government's biweekly contribution to a total of \$1.68 for self-only and \$4.10 for family. This second phase would add another \$12 million in costs for the fiscal year 1968, making a total cost (including the first phase) for that year of \$36 million. Thereafter the cost would stabilize at \$48 million annually, assuming, of course, a stable enrollment.

I would like to emphasize that this controlled rate of expenditure on the Government's part for health benefits is an integral part of the concept of fixing total compensation and it is an integral part of conforming to the administration's economic and fiscal policies. The Commission recommends that the bill be amended to restore the two-phase increase proposed by the President. In its report on this bill, the House committee suggested that the Senate consider making this change.

#### B. RETIREMENT

1. Surviving children: We favor enactment of the provision of this bill which would eliminate the requirement that surviving children must have received more than half their support from the deceased employee or annuitant in order to qualify for a benefit. We also favor enactment of that portion of the bill which would revise current provisions for student children—

(1) To continue the student child's annuity for intervals of up to 4 calendar months between school sessions;

(2) To allow a surviving child who becomes a full-time student between the ages of 18 and 22 to be awarded a benefit or to reacquire a benefit which he may have lost; and

(3) To change from 21 to 22 years the age at which the benefit of a surviving child is to be terminated.

Student-child annuities for children of persons retired or otherwise separated prior to enactment of the bill would be begun or resumed under these provisions, but no annuities would be paid for any period prior to its enactment. All of these provisions are consistent with social security practice, were recommended by the Cabinet Committee, and were endorsed by the President. We estimate their cost at \$0.4 million per year on a normal-cost-plus-interest basis.

2. Remarried widows; We endorse the provision recommended by the Cabinet Committee, concurred in by the President, and incorporated in this bill, that permits a surviving widow or widower who is aged 60 or over to remarry without losing title to annuity. We also favor the provision that permits a surviving widow or widower whose annuity is terminated because of remarriage under age 60 to be reinstated to the annuity roll upon termination of the subsequent

marriage, provided any lump-sum payment made when the original survivor benefit ended is refunded.

A surviving spouse may, however, receive only one Federal staff retirement benefit, so if entitlement to another such benefit is acquired from a second marriage, an election of one or the other benefit must be made. As the bill was passed by the House, these provisions apply only to survivors of employees who are in the service on or after date of enactment.

Persons already widowed, and those who become widowed by the death of a person who has retired before enactment would, therefore, not be affected, and the cost has been estimated on that basis. The normal cost plus interest amounts to \$14.1 million annually.

3. Optional retirement: Section 504 of the bill would permit optional retirement on full annuity at age 55 with 30 years of service and at age 60 with 20 years' service. It would also remove the reduction—1 percent a year for each year between the ages of 55 and 60—which now applies when an involuntarily separated employee does not meet the age requirements for full annuity at the time of separation.

The Cabinet Committee recommended and the President endorsed retirement on full annuity with these same combinations of age and service, but with the additional recommendation that the 55-30 option be made available to agencies, also, in the case of employees at GS-13 (or equivalent) and above. The agency option has been deleted from this bill.

Employees and employee organizations have for many years sought retirement on full annuity at age 55 with 30 years of service. The administration and previous administrations have consistently opposed such unilateral proposals because retirement at this age works to the detriment of the Government in some cases, yet Government as employer was offered no compensating benefit. Employees do not age uniformly, nor sustain productive capacity evenly, but neither present law nor this proposed revision gives management any effective means of dealing with such individual differences. The only true options are vested in the employee.

It is difficult for me to see any sound reason for denying Government, as employer, this limited authority needed as a tool of good management and recommended both by the Cabinet Committee and the President. The bill should be revised to provide that at the levels where management's need is most critical—grade 13 and above—agencies may retire employees who have reached age 55 and have 30 years of service, subject to a 60-day written notice and approval by the agency head of the action, which would not be appealable. If so amended, we would favor enactment of this portion of the bill. We estimate its cost at \$23 million annually, normal cost plus interest.

4. Recomputation of annuities: We strongly oppose the provisions of the bill which would retroactively apply the liberalized joint and survivorship formula and the 55-percent spouse's survivor portion provisions enacted October 11, 1962, to the cases of living and deceased annuitants retired with survivor elections between April 1, 1948, and October 10, 1962, and to widows and widowers of employees who died between February 29, 1948, and October 10, 1962.

This proposal to recompute and pay these cases starting July 1, 1966, as if the survivorship provisions of present law had been in effect at time of retirement or death between 1948 and 1962, would



reverse or void the provisions carefully and deliberately made by the 87th Congress to insure that these liberalized provisions would operate only prospectively.

As a matter of fact, this feature proposing retroactivity is at odds with other retirement provisions of this very bill which are specifically made to apply only to future cases.

The retirees who would benefit from this feature are under no inequity warranting retroactive correction. The various joint and survivorship options in effect under the Retirement Act since 1948 have all required a less than actuarial reduction and in each instance have offered retiring employees a "bargain" under which the Government undertook payment of the major portion of the cost of survivor benefits provided.

The fact that this "bargain" survivor protection was made progressively better in 1949, in 1956, and again in 1962, does not negate the fact that annuitants retired before each liberalization had the advantage of the bargain in effect at the time of his retirement.

The most serious objection to this proposal, however, is its inherently dangerous potential. If these particular liberalizations in the retirement system adopted for the future are made retroactive, extreme pressures will inevitably follow to make practically all existing and future liberalizations retroactive also.

We therefore urge strongly that these provisions, involving an estimated annual cost of \$12.4 million, be deleted from the bill.

5. Provisions for former Members of Congress: The bill includes two rather unrelated items dealing with annuity rights of former Members of Congress who are later employed in the executive branch.

The first item (in section 504(c)) proposes to treat a former Member's subsequent non-Member service as if it were a continuation of his Member service, both for purposes of the 2½ percent annuity computation factor applied to Member service and for creating title to immediate discontinued-service annuity afforded for cases of Members separated through no fault of their own.

This proposal is unprecedented and in our opinion would misuse the retirement provisions adopted for Members because of the uncertainty of their tenure. We see no logical basis for treating one person's executive branch service differently from another's for retirement purposes simply because one had previously been a Member of Congress and the other had not. We consider this proposed change to be unwarranted and recommend its deletion.

The second item (in section 505(a)) would correct an unintended restriction on the basic annuity of a former Member upon recomputation of his benefit to credit his subsequent executive branch service. Instead of limiting the basic recomputed annuity solely to 80 percent of the salary received at time of Member separation, as at present, this change would gear the basic annuity maximum to the higher of 80 percent of final Member salary or the final salary in the appointive position.

This corrective change has merit and we do not object to its enactment.

#### C. SECTIONS 406 AND 503—UNION OFFICERS

The Commission does not object to sections 406 and 503 of the bill providing contributory plans under which employees granted leave

without pay to serve as full-time officials of employee organizations or unions may continue full Federal group life insurance and health benefits protections and obtain full civil service retirement credits over their periods in nonpay status.

Starting from enactment date insured employees already in nonpay status or granted such leave without pay in the future would have 60 days from enactment date or entry on leave without pay in which to file elections with their Federal agencies to continue their life insurance or health benefits protections by currently paying both the employee and Government premium shares to their Federal agencies.

Officials not electing continuing coverage under this employee-pay-all plan would have their insurance and health benefits protections under the regular rules; group protection would continue free for up to a year's continuous leave without pay—whereupon it would cease—subject to a 31-day continuation of coverage to permit conversion to a nongroup policy without medical examination.

Also starting from enactment date, the union official would have 60 days from entry on leave without pay to elect with his agency to receive full retirement credit by currently paying retirement deductions on his salary as if in pay status. Otherwise the usual credit of up to 6 months per calendar year would be allowed for the leave without pay.

Any present or former union officer with retirement coverage on or after enactment date would have the option of depositing employee deductions, with interest, for his prior periods of leave without pay granted to allow him to serve as a full-time union officer. In case of his death before retirement, the union officer's survivor could exercise this option. In the absence of full deposit, only the leave without pay not exceeding 6 months in a calendar year could be credited.

The life insurance and health benefits provisions for union officials would involve no Government cost. The retirement credit provisions would involve additional costs to the extent that resulting added benefits exceeded amounts paid into the retirement fund, but such added cost would be minimal because of the small number of persons affected.

#### V. OTHER PROVISIONS

H.R. 14122 includes several miscellaneous provisions, most of which relate to the postal service. One of special interest to the Commission would authorize appointment of highly qualified individuals above the minimum rate in grades GS-11 and GS-12, in addition to grades GS-13 and higher grades where this authority already exists. Extending the authority to the two new grades would aid recruiting at these key entry levels for those with Ph. D. degrees.

#### VI. CONCLUSION

In conclusion, the President's 1966 proposals on compensation would maintain the principle of comparability with private enterprise levels for Federal statutory salary schedules, would significantly improve supplementary benefits of Federal employees, and would, in totality, be consistent with the President's economic guidepost designed to avoid inflationary pressures and maintain a stable economy.



The proposed pay schedules would provide salaries at full comparability or better for about 57 percent of the Federal employees concerned, those in the heavily populated grades up through GS-5 and PFS-4. The schedules would advance as far toward full comparability with private enterprise pay at the higher grades as consistent with the economic guidepost and the existing salary for level V of the Federal Executive Salary Schedule.

In addition, the retirement and health insurance amendments, which are among the original proposals of the President on these subjects, would add important and valuable features to the total compensation of Federal employees. They offer a significant supplement to the direct improvements in salaries.

I urge the committee to support prompt enactment of the revisions of H.R. 14122 I have outlined, which would incorporate most of the President's proposals on gross compensation. I should not object, however, to the addition of the proposals for Sunday premium pay and for overtime pay for work over 8 hours in a day that are in the House-passed bill.

These provisions present some problems, particularly covering under the 8-hour daily overtime provision the scientists and others for whom it is impracticable to prescribe a regular schedule of hours of duty for each workday, and if it is agreeable to the committee I should like later to furnish language for your consideration which could make this provision easier to administer without interfering with the operation of the principle.

Mr. Chairman, members of the committee, I appreciate your patience in allowing me to read this long statement. I do believe there is an opportunity this year within the economic guideposts set forth by the President to make further improvement in the salary systems of the Federal Government in accordance with the policies set forth in the act, and, in addition, provide supplementary benefits that are helpful to the employees in meeting the needs of economic security.

I will be happy to answer your questions now or, if you wish to hear Director Schultze's testimony, we can both be responsive to your questions.

The CHAIRMAN. I believe we can do better by asking you a few questions at the start.

Do you have a table showing the difference in the cost of the bill recommended by the President and the bill passed by the House?

Mr. MACY. I would be glad to pass that one to my colleague, Mr. Schultze, now that he is here. He is the expert with figures and I think the committee would find his response more comprehensive than mine.

Mr SCHULTZE. I just want to say we are in the process of compiling this and we will furnish either for the record. I can talk to it when you wish.

The CHAIRMAN. I think we better stay with one witness at this time.

I notice in this bill that the salary for GS-18 is only \$110 less than the level 5 of the executive salary schedule. One of our major problems in the 1962 Salary Reform Act was extreme compression in the upper levels of civil service and postal pay? What happens next year? Has the administration given thought to the problem of career salaries running up against or exceeding executive salaries?

Mr. MACY. Yes, we have and we are concerned about the limited salary gap that would exist under the passage of this bill between grades 18 and GS-5 of the Executive Salary Act. You may recall that in the pay presentation offered by the administration last year there were proposals that would call for regular review of legislative and judicial salaries which tend to control the ceilings for the Classification Act and the other statutory systems.

The Congress elected last year not to move on any of those plans. It did not advance them again this year. However, we are concerned about this and will in the executive branch be examining what the next step will be with respect to executive pay in order to avoid further compression among the top career salaries. This year the proposal for grades GS-16, 17, and 18 is limited to a 2-percent increase, not because that was all that was warranted in the interest of comparability, but that was all that was possible within the ceiling proposed by the executive salary schedule.

The CHAIRMAN. I notice on page 2 you assert that the adjustment proposed by the President would maintain full comparability at up through GS-5 and PFS-5, is that correct?

Mr. MACY. That is right; that is as of the most recently available data from the Bureau of Labor Statistics which was provided in November.

The CHAIRMAN. That would have a built-in obsolescence of about a year and a half.

Mr. MACY. There would be a lag as of the effective date of January 1 as proposed of more than a year and half, that is correct. But at this point there is no collected data available concerning rates more recent than that published in November of last year. The next survey would be available November of this year.

The CHAIRMAN. I think we should be careful in the way we state this so we do not hold out to the public or members of the various organizations that they are coming up with complete comparability.

Mr. MACY. That is why in each of my assertions I have indicated this is true insofar as the most recently available data is concerned.

It would be our hope that at a future date we could set up the system so that this lag would be very substantially reduced. This year economic and budgetary conditions are such it cannot be.

The CHAIRMAN. How far back of comparability are the other grades?

Mr. MACY. Well, from that an effort was made to provide a catch-up of three-eighths or 37½ percent for all of the grades up through 15. This is why there is an irregular progression by percents in the Presidential proposal. It starts out with a minimum of a 1-percent increase in the first three grades and then climbs—

The CHAIRMAN. Do we have a table on that for members of the committee?

Mr. MACY. In Mr. Schultze's testimony, page 9, there is a table showing the proposed adjustments with the righthand column indicating the relationship of the proposed pay line in the Presidential message to comparability and shows that at the low end of the scale his proposal would produce 8.8 percent above comparability.

It would be 100 percent up through 5 and then it would gradually decline to 92.7 at 15 and would decline even below that at 16, 17, and 18.



If you move your eyes two columns to the left there is presented there the increase recommended by the President in terms of percent increase and you will see it ranges from the 1 percent at the bottom to 4.5 at grade 15. If you were to increase to reach comparability as of the information available in the 1965 report from the Bureau of Labor Statistics, you can see what the increases would have to be.

That is in the next column to the left. It would be 0 in 1 and 2; it would be 2.4, the same as in the President's proposal at 5, and it would raise up to 12.8 percent at 15.

Does that answer your question, Mr. Chairman?

The CHAIRMAN. This is helpful. Can you give us the application of the 2.8 figure across the board; that is what the House increase amounts to, is it not?

Mr. MACY. Yes, that is on page 2 of the bill, the text of the bill itself.

Now the pay line is the fourth rate so the comparison would be to run your eye down to the fourth rate, which is \$3,975 at GS-1, \$5,859 at GS-5 and \$19,371 at 15.

The percentage would be 2.9 for all of the grades GS-1 through GS-15 and 2 percent—

The CHAIRMAN. 2.9 instead of the amount of increases recommended by the President—

Mr. MACY. One to 4.5. It would be the same in 16, 17, and 18.

Senator YARBOROUGH. The witness says 2.9. Are you referring to column 4 on page 2 of the House bill or the recommendation of the President?

Mr. MACY. No, the column on page 2 of H.R. 14122 would be the rates that are comparable to those on the table we were looking at in Mr. Schultze's testimony.

Senator YARBOROUGH. The answer you just gave to Chairman Monroney about 2.9, are you referring to the President's or the administration's recommendation?

Mr. MACY. The 2.9 across-the-board increase is the amount of increase in the House bill over the present schedule.

Senator YARBOROUGH. You are referring to column 4 of page 2 of the House bill?

Mr. MACY. That is right.

Senator YARBOROUGH. Thank you, Mr. Chairman.

Senator SIMPSON. As of what date is this comparability survey made?

Mr. MACY. The survey, Senator Simpson, runs over a period of about 9 months. The Bureau of Labor Statistics refers to the period February–March as the reference period for this survey. This would be the average time.

Senator SIMPSON. As of this fiscal year?

Mr. MACY. As of 1965. In other words, this is now 13 months ago, although some of the data was collected as late as last June. The report with all the data analyzed and presented to the executive branch comes from the Bureau of Labor Statistics in November.

Senator SIMPSON. More than a year later?

Mr. MACY. Actually, if you use the reference month of March, it means it comes about 8 months after that reference month.

Senator SIMPSON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you sir.

Could you give us the total cost of the President's pay bill versus the cost of the House enacted bill?

Mr. MACY. The total cost of the salary increases in the President's proposal is \$379.2 million on an annual basis.

The CHAIRMAN. And the House-passed bill?

Mr. MACY. The House-passed bill, the comparable figure would be \$391.3 or \$416.7 million if you include additional retirement contributions.

The CHAIRMAN. This includes the pay increase and all fringe benefits?

Mr. MACY. No, this is just the salary.

The CHAIRMAN. Can we go down through the fringes and get that figure?

Mr. MACY. The health benefits figure——

The CHAIRMAN. Next in your statement, on page 5, I believe, is overtime and Sunday pay.

Mr. MACY. The overtime and Sunday pay for the four pay systems is \$62 million.

The CHAIRMAN. That was not in the President's recommendation, is that correct?

Mr. MACY. That is added on, that is in addition to the President's recommendation.

The CHAIRMAN. Then retirement and health benefits?

Mr. MACY. The health benefit figure for 1 year would be \$17 million, and the retirement, \$37.9 million.

The CHAIRMAN. The retirement benefits were how much?

Mr. MACY. \$37.9 million.

Senator YARBOROUGH. May I clarify a point?

The CHAIRMAN. Yes.

Senator YARBOROUGH. Is the \$62 million for overtime?

Mr. MACY. That includes the overtime and the Sunday premium of 25 percent.

Senator YARBOROUGH. Does this include all the wage board, all the postal and all the——

Mr. MACY. No; this would include just the four statutory systems. The Classification Act cost is \$47 million. The postal were covered in last year's act with respect to most of the particular benefits.

Senator YARBOROUGH. Is this \$47 million the cost just of the classifieds?

This is net new cost?

Mr. MACY. That is right. Let me add, Senator Yarborough, these are estimates. It is very difficult in computing the cost of a benefit of this type because the cost is susceptible to management decisions relating to the scheduling of employees. This is the best guess we can provide at this particular time.

You mentioned the wage board group; this would be extended to the wage board group and that would cost \$12 million, but what I am responding on is the cost for the four statutory systems covered under the paper provisions of the bill. It is that coverage which comes into play in determining the percentage in relation to the economic guideposts.

The CHAIRMAN. Can you give us the added cost on health?



Mr. MACY. Yes; as it is in the House bill, it is \$34 million because it includes both steps in one phase. The proposal that I have offered here and which the House in its report has encouraged, would be to split it back into two bundles and one bundle for this year would be \$17 million.

The CHAIRMAN. It would stabilize at \$48 million annually?

Mr. MACY. Yes, and that is including the wage board employees who are outside the calculations.

The CHAIRMAN. In figuring longtime costs we are talking about \$48 million instead of \$17 million?

Mr. MACY. That is right.

The CHAIRMAN. On the retirement provisions you have given \$37 million as total cost?

Mr. MACY. \$37.9 million, that would be the total cost of the retirement provisions that are proposed, that the administration reports.

The CHAIRMAN. That includes remarried widows?

Mr. MACY. Children and remarried widows and the provision for optional early retirement but would not include the recomputation limit.

The CHAIRMAN. What would that be?

Mr. MACY. Recomputation comes out at \$9.3 million.

Mr. MINTON. Is that for the four statutory systems?

Mr. MACY. That is right.

Mr. MINTON. Do you have the total cost outside the four statutory systems?

Mr. MACY. Total cost outside, there would probably be another \$3.1 million.

The CHAIRMAN. That is the big cost, is it not?

Mr. MACY. That is right.

Now there are some other items in the bill of relatively small cost which the postal witness will testify on. That is the matter of the postal seniority adjustments and the increased uniform allowance and the special delivery mileage. The cost of those items comes to roughly \$11 million.

The CHAIRMAN. If we are so far behind comparability in the upper grades, how do you account for our ability to recruit scientists, doctors, and engineers?

Mr. MACY. The scientists, doctors, and engineers, we have been using the authority in section 504 of the 1962 act to provide a high year salary level. We have about 38,000 positions where we are hiring above the minimum at steps 5 or 7 in order to meet the market in those particular fields.

The Commission has before it at the present time a request for similar action for auditors and accountants and internal revenue agents. These appear to be particular shortages in specialized skills and the flexibility in 504 makes it possible for us to hire.

Most of the hiring is done at the lower levels. There is relatively little hiring that takes place in the upper ends of the scale so that primarily our argument here is that we ought to be meeting the market in fairness and equity to the people performing those jobs.

The CHAIRMAN. Are you able to hold these men or is there a heavy loss in this category of your personnel?

Mr. MACY. The loss does not appear to be heavy; the advances in salary, as you specify, along with the really very fine fringe benefit

package that the Federal Government provides hold these people but, most important, their commitments to the public service and their interest in the work they are doing is a large factor.

I don't believe our turnover is excessive at these levels. We do find some difficulty in hiring a small number of highly specialized people at this level, particularly in the professional specialists at the National Institutes of Health. Some of the top people they need there are very difficult to get because they are in short supply and because they can command a very high salary.

The CHAIRMAN. You have outlined the cost of the overtime provisions at \$62 million. There was no overtime recommended by the President, as I understand it.

Mr. MACY. The President's recommendations were limited to retirement and health.

The CHAIRMAN. \$17 million?

Mr. MACY. That is right. In the President's proposal, \$17 million.

The House-passed bill included the entire catchup in one year, that is, at \$34 million.

The CHAIRMAN. Retirement benefits \$37.9 million in the House-passed bill?

Mr. MACY. Less the recomputation which would be an added \$12.4.

The CHAIRMAN. Yes; I have that.

The President had no recommendation on recomputation?

Mr. MACY. No; the recomputation was added in the House committee and was not included, in fact the Cabinet committee considered the whole issue of recomputation and clearly decided against it.

The CHAIRMAN. Senator Yarborough?

Senator YARBOROUGH. If you have a January 1967 effective date as you recommended, then the elapsed time since the last increase of October of 1965 would be 15 months, is that correct?

Mr. MACY. That is right.

Senator YARBOROUGH. Now, doesn't this destroy the effort to enact a 3% annual increase in compensation? You are not taking an annual increase. You are taking their 1¼ year's period of time? Whatever you recommend, 2.9 or 2.85 increase. You are not recommending that much increase a year where you are dealing with an elapsed time of 1¼ years?

Mr. MACY. We are dealing with a 15-month lapse but the computation of the guidepost is on the basis of percentage of increase in gross compensation. That is the basis for the 3.2. That would apply regardless of the effective date.

Senator YARBOROUGH. Your reference month is back in March?

Mr. MACY. That is correct.

Senator YARBOROUGH. If your compensation increase becomes effective January 1967 and you take as your reference month the month of March 1965, you would have a still greater disparity in percentage?

Mr. MACY. That is right, but as I indicated, even though the reference month is in March, the data is not available until November. You are correct there would be 21 months from the reference point and there would be roughly 13 months from the time the data was first available.



Senator YARBOROUGH. And that would destroy your effort to bring up this 3.2 or 2.9 per year?

Mr. MACY. This requires the effort to keep up to comparability, the argument for the effective date is the cost of the total program and the heavy expenditures of the Federal Government at this time in meeting the cost of Vietnam. It was the President's proposal that the effective date be deferred to reduce by 50 percent the cost of this program during the current fiscal year, or up coming fiscal year.

Senator YARBOROUGH. Referring now to your testimony on the Government's contribution on the health benefits insurance. Has the Commission ever given thought to some kind of escalator clause so that the Government's contribution to the health benefits insurance could be maintained at a fixed percentage of the premium?

Mr. MACY. We have given thought to that and have had some difficulty in arriving at a formula or a ratio that would adequately cover all of the different programs that are involved in the health benefit program. There are some 34 different plans and the rates tend to vary from plan to plan and tend to have their adjustments at different times.

I think that in the long run this is probably what we ought to try to work for but it becomes particularly complicated when you don't have a single, or two plans, but have as many different ones as we do at the present time.

Senator YARBOROUGH. I notice in your recommendations you recommend a two-step change.

Mr. MACY. That is right. The recommendations in here, Senator Yarborough, would bring the Government's contribution from slightly below 30 percent, which is the level now, back up to 38 percent, which was the amount of the Government's contribution at the time the program was enacted.

Senator YARBOROUGH. What we were thinking about in 1959 was 50-50 on this plan. That was our real objective, to have a 50-50 division—the Government paying half and the employees paying half. I know because I was here when it was enacted. Certain private corporations had advanced health plans. They paid all the premiums.

So our thought originally in passing that bill was for a 50-50 contribution. This will bring it back so that the Government is paying 38 percent. Now it is slipped to 28 percent, is that right?

Mr. MACY. That is right. Part of the problem is we have a high plan and a low plan and the election has been for the higher-cost plan.

Senator YARBOROUGH. The 50-50 was dependent on people taking the lowest plan?

Mr. MACY. You are absolutely right, and this is an area where all of you know, I am sure, that costs have been going up very rapidly and I feel we do need to take a continuing look at how we maintain the Government's contribution and do not have an excessive burden on the employees. Also we need to relate the cost of this benefit to other benefits provided to employees.

The CHAIRMAN. Would you yield?

Senator YARBOROUGH. Yes.

The CHAIRMAN. I am at a loss to see why that should be considered in the guideposts. We are not giving any more insurance or medical benefits; we are just restoring the ratio we started out with.

Mr. MACY. I know, but we are increasing the cost to the Government.

The CHAIRMAN. I know, but we should not charge the employee when he is not actually getting any more medical insurance than he had before. We are merely restoring the former ratio.

Mr. MACY. We are paying the same ratio but in paying that ratio it means the Federal Government has to pay an increased amount of money and the increases of that type are covered by the computation of the guidepost percentage.

The CHAIRMAN. I don't look at it that way and don't think the committee does.

Senator YARBOROUGH. I agree with the chairman. This only restores the employee to the position he had before.

That is all the questions I have at this time.

The CHAIRMAN. Senator Simpson.

Senator SIMPSON. In keeping with what you just said, I want to make this observation. The overtime for the classified employees and postal supervisors was deleted in the pay bill passed in 1965, as you recall. I notice in this bill which passed the House, I think what the Chairman has said is certainly valid. Wouldn't it be more nearly correct to count the costs of these benefits as nonguidepost costs?

Mr. MACY. Let me respond by saying that the guidepost calculation is based upon the increased payroll costs from actions by management in collective bargaining or management's own action. Here there are increased dollars invested in benefits. They are calculated as part of the increased cost and therefore come under the guideposts. These are the standards that have been set for us and even though the increases resulting from an action to achieve equality on these overtime provisions are catchup, they nevertheless constitute increased cost and therefore are calculated as part of the payroll costs.

Senator SIMPSON. I think this formula would reduce the total actual cost of the bill and would tend to equalize the benefits with the other employees.

Mr. MACY. The intent is to equalize the benefits to the other employees. I gave that but this cost has to be included within the 3.2 percent which is the maximum increase permissible under the guideposts as it stands.

Senator SIMPSON. We would like to try to get them through the gate but can't get them up to comparability and then we get to a place where the comparability is based on figures some 13 months behind us, and we get increasing cost as a result of our delay in passing the bill. Why don't we do it now?

Mr. MACY. The reason we don't do it now is that we have an economic situation which calls for restraint in expenditures.

Senator SIMPSON. In some places it calls for restraint but not in enough places. I don't want to call for restraint against employees forming the backbone of the Government, which seems to be what you are doing.

Mr. MACY. We are appealing to private employers and unions in the private sector to exercise restraint not to heat up the economy at this particular time and clearly, if the Government violates its own guidance to others, this would make it extremely difficult to gain any acceptance outside.



Senator SIMPSON. I would argue that, but don't think it does any good.

The CHAIRMAN. Senator Randolph.

Senator RANDOLPH. Is it your feeling the House passed bill, if agreed to in the Senate, would receive the veto of the President?

Mr. MACY. The House passed bill has a number of features.

Senator RANDOLPH. Yes, you mentioned these in your testimony.

Mr. MACY. I am not in a position to speak to that precise point. As far as the cost is concerned and the relationship to the guideposts, the House bill is very close and it is in good will and good faith. The House leadership and the House committee endeavored to design this bill to be within the guidepost figure. There are a few items within the bill that the administration feels are not desirable.

Whether the President on seeing the total bill as enacted by both Houses would exercise a veto, that is something we are not prepared to say at this time.

Senator RANDOLPH. Perhaps you are saying that with refinement and readjustment, the measure would receive the President's approval?

Mr. MACY. Yes.

Senator RANDOLPH. Thank you, sir.

The CHAIRMAN. Mr. Macy, the House estimate in the table on page 5 of their report, put the cost of the bill at \$518.6 million, against the administration's 3.2-percent guidepost total of \$485 million. This would leave a difference between the two of \$33.6 million?

Mr. MACY. That is right.

The CHAIRMAN. That coincides with your figures?

Mr. MACY. The \$33 million difference was where we came out and the record in the House indicated that they recognized there was that discrepancy and felt this body, in its wisdom, would find some way to eliminate that gap.

The CHAIRMAN. Divide the cost through the years, is that what they suggest?

Mr. MACY. That was one of their suggestions.

The CHAIRMAN. Senator Simpson, any further questions?

Senator SIMPSON. Nothing further.

The CHAIRMAN. I think we should get on to Mr. Schultze and defer questioning until tomorrow.

Senator SIMPSON. Will Mr. Macy be available tomorrow?

The CHAIRMAN. You will be available tomorrow, will you not?

Mr. MACY. Yes, sir; I am available to the committee at any time.

The CHAIRMAN. You may proceed in your own way, Mr. Schultze.

## STATEMENT OF CHARLES L. SCHULTZE, DIRECTOR, BUREAU OF THE BUDGET

Mr. SCHULTZE. Thank you.

Mr. Chairman, and members of the committee, I am pleased to have this opportunity to present to you the views of the administration on proposals for improvements in the compensation of Federal civilian employees. For the first time, legislation proposed by the President and H.R. 14122, as passed by the House of Representatives, deal with total compensation, not just pay alone. I believe that this is important and essential innovation.

In view of the differences of opinion between the administration and the House Committee on Post Office and Civil Service, as reflected in the modification of the President's original proposals, I believe it might be helpful if I concentrated my remarks on four subjects: (1) The wage-price guideposts, (2) the budgetary situation, (3) comparison of the costs of the President's recommendations and those of H.R. 14122, and (4) the relationship of the first three subjects to the comparability principle.

Let me turn for a few moments, if I may, to the wage-price guideposts.

The general guidepost for wages is that the annual rate of increase of total compensation (pay plus fringe benefits) should equal the national trend rate of increase in productivity. Whether compensation is paid in the form of basic pay or in fringes—it enters into costs. If compensation increases no more rapidly than the long-term increases in national productivity, then labor costs of production for the Nation as a whole do not rise.

After reviewing the trends in long-term productivity gains, the Council of Economic Advisers has recommended that the wage guideposts continue to be set at an annual increase of 3.2 percent.

Senator YARBOROUGH. Pardon me a moment, what was the productivity gain rate for the year 1965?

Mr. SCHULTZE. I would have to look that up, Mr. Yarborough. My recollection is, it was in the order of the magnitude of 3.4 or 3.5.

Senator YARBOROUGH. It was above 3.2?

Mr. SCHULTZE. For that year, it was, but I would like an opportunity to correct that, if I am wrong.

(Mr. Schultze subsequently advised the committee that the productivity increase for 1965 was 2.8 percent).

The President adopted this recommendation. His position was made clear in his Economic Message of January 27, 1966. Permit me to quote a short passage:

The vigorous economy we foresee in 1966 will tempt labor unions to demand wage increases that would raise costs and businesses to raise prices when profit margins are already fully adequate. Labor must remember that growing employment and productivity are the foundation of higher wages, and business that an expanding economy is the basic source of profit gains. These foundations must not be jeopardized.

The Federal Government does not have authority to impose ceilings on wages and prices.

But when 200,000 of our fellow citizens are risking their lives in the defense of freedom overseas, the Government's duty is to ask those who enjoy a comfortable prosperity at home to exercise responsibly their freedom to set prices and wages.

Foregoing the freedom to act irresponsibly is no real sacrifice. For irresponsible action can only bring on an inflation that would damage all—labor, business, and the national interest.

Reasonable price stability is an important objective of economic policy. Price inflation damages a free society in a number of ways. Three of these are particularly harmful.

Senator SIMPSON. Mr. Chairman, will you permit me a question here?

The CHAIRMAN. Yes.

Senator SIMPSON. In reading that, I can't help but read to you what he said about what he mentioned a year ago in March. He said:

It is false economy to offer salaries that will attract the mediocre help but repel the talented. I need your help in my program to get a dollar's worth of value



for every dollar's worth of pay. And the dollars paid to attract brains and ability to the Federal service will come back to the American people many times over in more economical and effective government.

Do you agree with that statement?

Mr. SCHULTZE. I do. You may recall that that pay proposal was also calculated within the guideposts, and I was before this committee discussing that pay raise.

Senator SIMPSON. Was it within the guideposts?

Mr. SCHULTZE. It went slightly over, but very slightly.

Reasonable price stability is an important objective of economic policy. Price inflation damages a free society in a number of ways. Three of these are particularly harmful.

First, inflation often tends to induce economic behavior which ultimately threatens prosperity. It encourages a speculative and unsustainable level of investment and channels investment into fields which are not the most productive. When, as it must, the investment which results from inflationary speculation falls off, economic growth is interrupted and recession ensues.

Second, inflation redistributes income in a capricious manner—heavily rewarding some and penalizing others. These rewards and penalties have nothing to do with either need or economic productivity. Indeed, those in the greatest need, living on small fixed incomes, are penalized worst.

Third, inflation by raising the price of the goods we sell abroad robs us of our foreign exchange earning power, widens the balance-of-payments deficit, and reduces our ability to meet our commitments abroad.

After 5 years of uninterrupted growth, the American economy has moved up from a position of substantial unemployment and excess industrial capacity to a situation of high-level prosperity. This unparalleled recession-free growth has not been importantly marred by inflation. There is no reason why economic growth without inflation cannot continue. But it is obvious that the problems of restraining inflation in a period of high employment and relatively full utilization of plant capacity are more difficult than in a period of substantial unemployment and excess capacity.

In this context the wage-price guideposts take on particular importance. We are no longer a Nation of small farmers and shopkeepers, no one of which has the power to determine prices or wage levels. Individual unions and business managements, particularly in a period of high prosperity, can reach wage and price decisions which appear to be in their own interest, but which add up to inflationary consequences. Individual decisions which, considered in isolation, might have seemed to benefit the parties involved, can end up leading to a general rise in prices which penalizes even those who made the original decisions. This is the problem to which the wage-price guideposts address themselves. They are designed—

1. To provide wage and price decisionmakers with economically sound, specific standards for judging whether their decisions are responsible, in the sense of being noninflationary. They make it possible for decisionmakers to weigh their own actions in the light of the national welfare.

2. To provide a standard by which the public at large can reach its own conclusions about wage and price decisions with respect to whether they are in the national interest.

The pay, retirement, and health benefits proposals for Federal employees which the President has recommended are consistent with the guideposts. I applaud the action of many Federal employee organizations in accepting this basic principle. I believe it is directly in the best interest of their members. Unless the Government, as an employer, lives up to its own guideposts, it can scarcely expect private employers and unions to do so. It is precisely for this reason that observance of the guideposts is to the advantage of Federal employees themselves. History shows that few groups are hit harder by inflation than Government employees and annuitants. It would indeed be an illusory gain to win an immediate pay increase in excess of the guideposts, and then to watch the consequences of that action spread to other sectors of the economy, thereby wiping out the gain through inflation.

Let me turn, if I may, to the budgetary situation.

Formulation of the 1967 budget presented, as you all know, a difficult problem. The war in Vietnam and continued economic growth at home made it necessary to change the emphasis in fiscal policy from economic stimulation to economic restraint. Outside of Vietnam, budget expenditures in 1967, including a contingency allowance for civilian pay adjustment, will rise by only \$600 million—about one-half of 1 percent. This increase reflects not an arbitrary holding of the line on every program, but a selective mix of expenditure increases and decreases which approximately offset each other.

In the light both of the guideposts and of the realities of fiscal policy, it was clear that a conservative policy had to be adopted with respect to further pay increases in the next fiscal year. Frankly—

Senator YARBOROUGH. May I interrupt?

The CHAIRMAN. Yes.

Senator YARBOROUGH. You stated in the first paragraph on page 5 that in the United States, outside of Vietnam, the budget is going up one-half of 1 percent a year. Population is increasing about 2½ percent a year, isn't it?

Mr. SCHULTZE. That is right.

Senator YARBOROUGH. If your population is going up 2½ percent, aren't you actually rendering less service to the people per capita than you were before?

Mr. SCHULTZE. No, sir; it depends on where the money is spent, that 1½ percent increase does not represent a 1½-percent increase across the board. That represents meeting the workload of the Federal Government, which increases \$5.3 million, which offsets decreases by Vietnam or \$4.7 million in other programs where circumstances have changed, or some other reason.

Senator YARBOROUGH. Services have actually been cut more and more has been allocated to defense out of this domestic budget, hasn't it?

Mr. SCHULTZE. No, sir; I am talking about the budgets excluding Vietnam.

Senator YARBOROUGH. Are you excluding all defense appropriations?

Mr. SCHULTZE. No, sir.

Senator YARBOROUGH. When you include defense appropriations also, you don't have an increase of \$6 million in the services, do you?



Mr. SCHULTZE. No, sir; I said that there were increases of \$5.3 million and decreases of \$4.7 outside Vietnam.

Senator YARBOROUGH. How much of that was in defense?

Mr. SCHULTZE. None. As a matter of fact, outside of Vietnam defense goes down by a million and a half. You may recall Secretary McNamara took a number of actions, including his cost reduction program. He cut expenditures by a million and a half outside Vietnam.

Senator YARBOROUGH. How much of the budget is for defense?

Mr. SCHULTZE. Excluding Vietnam?

Senator YARBOROUGH. Where in the budget have you excluded Vietnam from other defense expenses? How can I look at your budget and tell what is Vietnam and what is not? You do not segregate it, do you?

Mr. SCHULTZE. Yes, sir.

Senator YARBOROUGH. This 13-and-a-fraction million we voted this year to spend on Vietnam up through the 30th of June, where was that included in your annual budget? Was that in your annual budget?

Mr. SCHULTZE. Yes, every penny the President has asked for.

Senator YARBOROUGH. Our time is so short, I won't detain you on that. I am very much interested in this question.

Mr. SCHULTZE. As I indicated, some consideration was given to postponement of any pay adjustments until the economic and budgetary situation was more favorable. The President, quite correctly I believe, rejected this alternative. Attainment of full comparability, on the other hand, for all grades, effective for all of fiscal 1967, would cost over \$837 million. It would be fiscally irresponsible to incur added costs of this magnitude—quite apart from the effect on the guideposts. Consequently, after most careful consideration, the President has proposed a combination of pay, retirement, and health benefits which meets the necessities of both fiscal prudence and guidepost principles. This involves an average 3.2-percent increase in gross compensation of Federal employees, effective January 1, 1967. In my judgment, it would have been an indefensible choice among priorities for the President to have proposed either a higher pay increase or an earlier effective date.

The charge has been made that budget policies, together with the wage-price guideposts, have been used to negate the comparability principle of the 1962 Salary Reform Act. This is false. The comparability principle is still central to our compensation policy.

The economic and budgetary situation makes it impossible to attain full comparability immediately. But this no more denies the President's commitment to the comparability principle than the fact that we cannot in 1 year attain our full objectives in education, health, or pollution control denies the President's commitment to those goals. The 1966 pay proposals were explicitly drawn up in terms of the comparability principle, to the full extent permitted by economic and budgetary considerations.

The President has consistently supported pay increases as an integral part of his budgets. The facts make this clear. As a result of legislative and administrative action taken in 1964, the total added cost of military, civilian, and wage board pay adjustments was \$969.8 million. Similar action in 1965 added another \$1,470.3 million.

Assuming enactment of the President's 1966 proposals now before this committee, the first full year costs will be another \$485 million. In total, over a 3-year period, over \$2.9 billion of compensation costs will have been added to the budget.

In short, as Budget Director, I assure the committee that pay increases for military and civilian personnel have had fair consideration and fair treatment in the range of fiscal policy decisions and in the establishment of budgetary priorities ever since enactment of the 1962 Salary Reform Act.

#### COMPARISON—PRESIDENT'S PROPOSAL AND H.R. 14122

The President's original proposal consisted of (1) an increase in basic pay rates averaging 2.85 percent, (2) several improvements in Federal retirement systems, and (3) increased Federal contributions for employee health benefits. The net cost of the package was \$485 million on a full year basis, which was 3.2 percent of total compensation and therefore in strict compliance with the wage guideposts.

The House Post Office and Civil Service Committee reported out a bill which substantially modified the original administration proposal, and cost—according to their method of estimating—\$518 million. This sum amounts to nearly 3.5 percent of total compensation and is therefore in excess of the guidepost limitation.

At this point, a comparison of the administration proposal and the House bill seems to be in order.

#### SALARY INCREASES

In view of the guidepost limitations, it was evident that full comparability could not be achieved at this time for all Federal employees. In allocating the funds available, the President's proposals were based upon the following criteria:

Provide some adjustment in all grades (including several that were already above 1965 comparability).

Move as many employees as possible to 1965 comparability.

Close as much of the gap as possible for the remaining employees.

This approach resulted in the use of graduated series of percentage increases varying from 1 to 4.5 percent. The following tables, which the committee has looked at in discussing the matter with Mr. Macy, show for the fourth step in each grade of the Classification Act and the postal field service the current salary, the 1965 comparability salary, the percentage increases required to attain full comparability, the percentage increase recommended by the President, and the resulting proposed salaries expressed in dollar terms and as a percentage of 1965 comparability.

(The table referred to follows:)



TABLE 1.—*Proposed salary adjustments*

## CLASSIFICATION ACT

Grade	Current payline	Compara- bility pay- line, 1965	Increase needed to reach com- parability (percent)	Increase recommended by President (percent)	Proposed payline	Proposed payline as percent of compara- bility
GS-1-----	\$3,864	\$3,595	-----	1.0	\$3,905	108.8
GS-2-----	4,201	4,085	-----	1.0	4,245	103.9
GS-3-----	4,569	4,615	1.0	1.0	4,615	100.0
GS-4-----	5,109	5,195	1.7	1.7	5,195	100.0
GS-5-----	5,694	5,830	2.4	2.4	5,830	100.0
GS-6-----	6,278	6,510	3.7	2.4	6,430	98.8
GS-7-----	6,890	7,255	5.3	2.4	7,055	97.2
GS-8-----	7,553	8,045	6.5	2.4	7,735	96.1
GS-9-----	8,241	8,900	7.5	2.8	8,470	95.2
GS-10-----	9,024	9,800	8.6	3.2	9,315	95.1
GS-11-----	9,879	10,785	9.2	3.5	10,225	94.8
GS-12-----	11,723	12,935	10.3	3.9	12,180	94.2
GS-13-----	13,815	15,365	11.2	4.2	14,395	93.7
GS-14-----	16,204	18,115	11.8	4.4	16,915	93.4
GS-15-----	18,825	21,230	12.8	4.5	19,670	92.7
GS-16-----	21,653	24,775	14.4	2.0	22,085	89.1
GS-17-----	24,548	28,835	17.5	2.0	25,040	86.8
GS-18-----	25,382	30,490	20.1	2.0	25,890	84.9

## POSTAL FIELD SERVICE

PFS-1-----	\$4,491	\$4,590	2.2	2.2	\$4,590	100.0
PFS-2-----	4,859	4,970	2.3	2.3	4,970	100.0
PFS-3-----	5,263	5,385	2.3	2.3	5,385	100.0
PFS-4-----	5,694	5,830	2.4	2.4	5,830	100.0
PFS-5-----	6,094	6,315	3.6	2.4	6,240	98.8
PFS-6-----	6,532	6,840	4.7	2.4	6,690	97.8
PFS-7-----	6,997	7,405	5.8	2.4	7,165	96.8
PFS-8-----	7,572	8,020	5.9	2.4	7,755	96.7
PFS-9-----	8,193	8,685	6.0	2.4	8,390	96.6
PFS-10-----	8,935	9,685	8.4	3.2	9,220	95.2
PFS-11-----	9,879	10,785	9.2	3.5	10,225	94.8
PFS-12-----	10,925	12,040	10.2	3.8	11,340	94.2
PFS-13-----	12,090	13,425	11.0	4.1	12,585	93.7
PFS-14-----	13,337	14,970	12.2	4.5	13,935	93.1
PFS-15-----	14,732	16,695	13.3	4.5	15,395	92.2
PFS-16-----	16,290	18,615	14.3	4.5	17,025	91.5
PFS-17-----	18,030	20,755	15.1	4.5	18,840	90.8
PFS-18-----	19,974	23,140	15.9	2.0	20,375	88.1
PFS-19-----	22,139	25,800	16.5	2.0	22,580	87.5
PFS-20-----	24,548	28,835	17.5	2.0	25,040	86.8

Mr. SCHULTZE. You can see from the tables that this approach results in full 1965 comparability (or better) for grades GS-1 through GS-5 and postal levels PFS-1 through PFS-4. The rates for the upper grades will still trail comparability from approximately 1 percent to as much as 7 percent at GS-15 and PFS-15.

We believe that the varying percentages of increases are equitable and represent the maximum movement toward the comparability standard which can be accomplished within the guidepost.

The House Post Office and Civil Service Committee disagreed with this approach to salary adjustment, and voted instead for a flat increase of 2.9 percent for all grades. The uniform increase approach resulted in a significant shift in the allocation of funds. Amounts allocated to the Classification Act, VA medicine and surgery, and the Foreign Service were substantially reduced, while the allocation for the postal employees was increased by nearly \$20 million. Within each pay system, funds were shifted from upper to lower grades.

We believe that the House approach is both inequitable and disruptive of an orderly approach to comparability. It has the effect

of shifting money from the employees who are farthest from comparability to those who are already closest to it. This is particularly unwarranted in view of the fact that most of the employees in grades GS-1, GS-2, and GS-3, and PFS-1, PFS-2, PFS-3, and PFS-4 received an extra within-grade step in 1962. Such employees are therefore being paid 3 percent more than their actual length of service would otherwise entitle them. For example, an employee who has completed 3 years' service would, under progression rules, be in step 4. However, as a result of the 1962 conversion, he is actually in step 5. This step-up gave such employees an extra 3 percent salary increase which doesn't show up in the comparability calculations. The comparability table, for example, shows that under the administration's proposal the first four grades of the postal field service would receive salaries equal to 100 percent of 1965 comparability. But postal employees in service since 1962 would actually be doing 3 percent better than the table indicates—and such employees constitute the vast bulk of the postal service.

#### HEALTH BENEFITS

Since 1961, when the Federal Employees Health Benefits Act was enacted, Government contributions as a percentage of total premiums have declined from 38 percent to less than 30 percent. This has happened because of formula by which the Government's share is determined is based on the premium for the low option Government-wide indemnity benefit plan. Since 1961, the premiums for nearly all other plans have been increased, but the low option indemnity plan has remained unchanged. As a result, employees' costs have risen while Government's costs have remained constant.

The President proposed that the original cost sharing pattern be restored by increasing Government contributions over a 2-year period. This would cost \$17 million the first year and another \$17 million the second year. (This figure applies to the four major pay systems. For the Government as a whole, the cost would be \$24 million each year.)

The House agreed with this proposal, but voted to make the increase effective in 1 year rather than 2 years—thus doubling the cost for fiscal year 1967. The House Committee, however, has indicated that it will support a Senate amendment to restore the 2-year phasing, thus reducing the cost of the House bill by \$17 million.

#### RETIREMENT

The Cabinet Committee on Federal Staff Retirement Systems made a number of recommendations for improving the Government's retirement systems. In view of the guidepost limitations, however, it was obvious that all of these proposals could not become effective at once. It was decided, therefore, to phase the recommendations over a 2-year period. Selected for the first year were two improvements which we believed were most urgently needed to correct inadequacies of the retirement systems.

Most important, in our opinion, was the "social security minimum" provision which would guarantee to Federal employees who are disabled—or to their survivors in case of death—an overall benefit at



least equal to that which would be payable under the social security system, had its benefit computation formula been applicable to the Federal service. Perhaps the greatest weakness of the Federal staff retirement systems has been the woefully inadequate benefits provided for the survivors of employees who die or become disabled early in their careers.

The second provision which we proposed for 1967 would permit employees to retire on full annuity at age 55 with 30 years of service. The proposal also permits Government agencies to opt for retirement under the same conditions for employees at GS-13 and above. Further, the provision would permit retirement on full annuity at age 60 with 20 years of service. The 55-30 option has long been sought by Federal employees. We believe, however, that providing limited application of the same option for management is needed and would be mutually beneficial to both employees and to Government, despite the opposition expressed by employee organizations. We urge that the House Bill be amended to restore the management option to retire employees at GS-13 and above.

The adoption of the two provisions just described would have the effect of raising the normal cost of the retirement system to approximately 14 percent of payroll. It would also create a substantial amount of unfunded liability. We proposed, therefore, that the contribution rate for both employees and their agencies be raised from 6.5 to 7 percent, thus retaining the present equal sharing of normal cost.

After taking into consideration the additional income generated by increased employee contribution rates, the estimated net cost of the retirement improvements in the administration proposal would be \$89.3 million.

H.R. 14122 makes some radical changes in the components of this retirement package. It deletes the social security minimum provision—which we consider the most important improvement from the viewpoint of employee-survivor protection it offers. It accepts the 55-30 and 60-20 provisions, but rejects the management option.

On the other hand, H.R. 14122 adds two provisions which were recommended by the Cabinet Committee, but which we believed should have been deferred to a later date. I refer to the provision which would permit widows who remarry at age 60 or later to retain their annuity, and the provision modifying the definition of "child" for annuity purposes. While we do not object to these provisions, we would assign them to a lower degree of urgency than the social security minimum provision.

In addition to these changes in the original administration package, the House slightly raised the overall pay increase, added a number of provisions for premium pay, and provided for the recomputation of annuities of employees who retired between 1948 and 1962. And finally, by prescribing an effective date of July 1, 1966, instead of the January 1, 1967, date recommended by the President, the House bill has the effect of doubling the budgetary cost for fiscal year 1967.

The House Committee estimates that the \$518.6 million cost of H.R. 14122 exceeds by \$33.6 million the cost permitted under the guideposts. The House Committee went on to point out it would be most happy to work out arrangements to take care of this point.

Our own analysis of the relationship of the House bill to guidepost principles reaches a roughly similar conclusion, although the details of

the analyses are somewhat different. In its report, the House Committee acknowledged the fact of the discrepancy and agreed to support such modifications as the Senate decides are necessary to bring the cost of the bill within the guidepost limitations. Members of my staff and those of the Civil Service Commission stand ready to assist the Senate Committee in formulating modifications to accomplish this reduction.

I think I might interpolate here—I think it might help, in view of the cost discussion that went on earlier—a more specific analysis of our House bill costs. This is a most complicated problem, because we have three kinds of differences: (1) our own cost estimate techniques are in some cases different, (2) the House added a number of points to the administration's bill, and (3) the House then subtracted from the cost certain items which it did not consider to be guideposts, and again we have some differences with respect to that matter.

Taking all those into account, you will recall the House came out to \$518.6 million about 33½ million higher than in the guideposts. Ours would be 50-some million different from the guidepost, still it is a small difference from the House bill.

The CHAIRMAN. I thought you said \$33 million earlier in your statement.

Mr. SCHULTZE. This is a matter of defining adjectives. Our analysis of the relationship reaches roughly a similar conclusion. We come out about \$20 million more than they do. I call that roughly similar. It is not a matter of hundreds of millions.

Mr. MINTON. Because of cost calculations or execution?

Mr. SCHULTZE. Both. We will prepare a table which will show these in a form easily understandable. Because of the relation of these three differences, it is difficult. We will be glad to work it out and submit it to the committee.

Chairman Macy identified particular items to which the administration objects which would take out all but a few millions of the excess over the guideposts, that was in Mr. Macy's testimony.

#### COMPARABILITY PRINCIPLE

In the preceding sections of this statement, I have tried to demonstrate not only the President's commitment to the comparability principle, but also to explain fully how we have proposed to move toward attainment of comparability this year. We cannot support more liberal action at the present time without breaking the wage-price guideposts or without giving pay increases an overriding budget priority which would be unjustified.

The Federal Salary Reform Act states the comparability principle in a simple declaration:

"Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work." The confusion and misunderstandings which have arisen about the comparability principle involve the words "salary rates," "private enterprise," and "levels of work," in that order.

The principle says nothing about Federal increases being comparable with increases elsewhere. It establishes that the standard is measurement of rates, not change. This is an absolute standard. Federal rates shall be brought to the level of private enterprise rates.



We are trying to do this as rapidly as economic and fiscal conditions permit. The principle specifies comparability with private enterprise. The Bureau of Labor Statistics survey, which seeks to determine comparable private enterprise rates, covers a very broad section of American industry. Salary data are obtained for 8,000 establishments employing more than 13 million workers. The principle also says that Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work. It does not say that Federal workers in any given occupation shall get the same salaries as their counterparts in private enterprise. It prescribes only a work level relationship—which must represent a number of occupations at the same work level. Obviously, at any given point in time, there will be differences in private pay among the occupations making up a given work level.

We must not forget that the Federal Salary Reform Act retained the longstanding principle of equal pay for equal work and pay distinctions in keeping with work distinctions. It also established a requirement for interrelated salary levels for the several Federal statutory systems.

Development of a schedule of comparability salaries must reconcile all of the principles outlined above. To meet the comparability principle, the schedule must match as closely as possible the level of private enterprise salaries. To meet the requirements of "equal pay for equal work" and "pay distinctions in keeping with work distinctions," the schedule must maintain a reasonable net of differences among the various grades of the Federal pay structure—a net of relationships which cannot perfectly match the differences which at any one point in time characterized private salary structures.

In the executive branch, we have attempted to develop comparability salary rates which meet the above principles fully. In consequence, we believe that the President's proposals are consistent with the comparability principle and movement toward the comparability standard. Nevertheless, it is clear from the testimony presented to the House committee that substantial questions exist about the comparability principle and the process of determining comparability in specific cases. Representatives of the employee organizations have suggested that the House committee review comparability in all of its aspects. I have already indicated in testimony before the House committee my belief that there would be value in such an undertaking. But I urge that this review be a joint undertaking and that it be deferred until after this year's congressional action on the pending proposals. The House committee plans such a review. We are prepared to cooperate fully in it, and in any similar review which this committee may wish to make.

The Bureau of the Budget and the Civil Service Commission are completing a fully descriptive statement of all aspects of the comparability principle, and the processes adopted to measure and report to the President and to the Congress on implementation of the policies of the 1962 Salary Reform Act. Members of the staff of the Bureau of the Budget and the Civil Service Commission will be available to suit the committee's convenience in a thorough discussion of everything which the committee may wish to explore about comparability. I believe that our work will enable us to identify and discuss with the committee the alternatives which might be considered at every point

where choice is available. If such a cooperative review can be undertaken later in this session of the Congress, the results could be used in the presentation of next year's report to the President and to the Congress.

At this point, Mr. Chairman, I should like to point out that the idea of reviewing comparability is not new. Last year in his pay message of May 12, 1965, the President recommended establishment of a permanent body to make a thorough and impartial review of Federal salary systems every 4 years. The sentences of the report of the Special Panel on Federal Salaries which underlay that recommendation read as follows:

For the long term, however, the comparability principle and continuing sound interrelationship of all Government salary systems require periodic updating of principles, concepts, and structures of those systems. It is our opinion that updating should occur at regular established intervals and after comprehensive and impartial review conducted under clear statutory standards.

While the administration is not pressing for enactment of legislation establishing a salary review commission this year, we still believe that such a body is needed for regular recurring studies of the kind requested by the employee organizations.

We do not believe that there is anything mysterious or basically wrong with the comparability concepts, and we are quite prepared to work with the Congress and employee organizations to bring about improvements, including a thorough examination of all of the processes of job matching.

There is, however, one aspect of our attempts to move toward comparability on which I should like to comment. Some of the stories in the press and the implications of some of the testimony presented to the House committee this year and last suggest that Federal comparability pay action has not adequately taken into account—

Increases in the cost of living as measured by the Consumer Price Index.

Increases in the economic index of output per man-hour in private enterprise.

The evidence does not support this conclusion. A comparative illustration related to PFS-4 (step 4) may be helpful. I present it in the tables which follow this page in my testimony. The committee will note that in the period 1947-60 the salary rate for PFS-4 advanced 101 percent, the Consumer Price Index advanced only 32.5 percent, and the index of output per man-hour in private enterprise increased 51.9 percent. It is interesting to note that during this same period the average hourly earnings in manufacturing, excluding overtime, advanced 86.4 percent. The tables make similar comparisons for the period 1960-65, and for the entire period 1947-65. It is also interesting to note that if we take into account the pay raises granted immediately after World War II, the pay rates of a PFS-4 employee have increased by well over 200 percent in the period since 1945. These comparisons are not meant to indicate that the salary increases were in some sense unwarranted. But they do, I believe, destroy the contention that somehow Federal pay action has not taken into account increases in the cost of living or in national productivity.

In summary, Mr. Chairman, the administration supports the comparability principle. We have attempted, to the best of our ability,



to propose actions on pay adjustments which are consistent with that principle. We want to attain full salary comparability on a basis which is accurately measured in accordance with known facts, and which is acceptable to the Congress and to Federal employees. Finally, as is the case with all Federal actions, our speed of progress toward desirable goals must be evaluated in the context of prevailing economic conditions and the fiscal policy appropriate to those conditions.

I shall be glad to try to answer any questions which the committee may have.

(The tables referred to follow:)

TABLE 2.—*Comparison trend of postal salaries and major economic indicators, selected periods, 1947-65*

Year	Salary rate, PFS-4 (step 4)	Consumer Price Index (1957-59= 100)	Index of output per man-hour, total private (1957-59= 100)	Average hourly earnings (excluding overtime) all manufac- turing
1947.....	\$2,400	77.8	69.2	\$1.18
1960.....	\$4,825	103.1	105.1	\$2.20
1965.....	\$5,694	111.0	125.3	\$2.54
Percent increase:				
1947-60.....	101.0	32.5	51.9	86.4
1960-65.....	18.0	7.7	19.2	15.5
1947-65.....	137.3	42.7	81.1	115.3

Source: Bureau of Labor Statistics.

TABLE 3.—*Trend in postal salary rates 1945-65*

Year	PFS-4 salary range		Number of within-grade increases
	Minimum	Maximum	
1945.....	\$1,700	\$2,100	4 at \$100 each.
1965.....	\$5,181	\$7,026	11 at \$171 each.
Percent increase.....	204.8	234.6	

Mr. PASCHAL. The House report states their bill provides for across-the-board pay increase of 2.87 to 2.9. On page 8 of your report, you state there was a vote to pass a bill of 2.9 for all grades.

Mr. SCHULTZE. Excuse me; I didn't understand you.

Mr. PASCHAL. You state on your report that the House bill provides for a pay increase of 2.9 for all grades?

Mr. SCHULTZE. Yes.

Mr. PASCHAL. They say from 2.87 to 2.9?

Mr. SCHULTZE. There is three-hundredths of a percent difference in some of the increases, which I presume comes from rounding out the number; 2.87 and 2.9 are so close.

Mr. PASCHAL. Your 2.9 is approximate?

Mr. SCHULTZE. That is correct. You can carry it out to a hundredth of a percent and it is approximate.

The CHAIRMAN. In estimating the cost of this pay bill, was any portion of the estimated increase in the unfunded liability of the civil service retirement fund taken into account?

Mr. SCHULTZE. With respect to the improvements in the retirement provisions, the answer is "Yes." However, the House committee did not include interest on the unfunded liability created by the pay increase, itself. Each \$1 of pay increase creates unfunded liability of \$2.25 for past service credits. The proposed pay increase will create additional unfunded liability of \$866 million. At 3½ percent interest, this comes to \$30.3 million. We believe that this \$30.3 million must be included under the guidepost costs—although this has not been done in previous years.

The CHAIRMAN. This is exactly the same as it has been in previous years?

Mr. SCHULTZE. I understand that is correct.

The CHAIRMAN. You expect it to shift next year to go beyond the interest?

Mr. SCHULTZE. Take the full level premium cost to the Government rather than the interest. As I say, this year, since it has been done in the past, we are willing to accept the House estimates. Reasonable men can differ about it.

Mr. MINTON. Is there any discount in this cost estimate? Any discount from the cost estimate by the Bureau of the Budget or House of Representatives for the anticipation of a one-half percent increase from employee contributions to the retirement fund.

Mr. SCHULTZE. You may recall I indicated we analyzed the House bill for purposes of guideposts, to see whether it is within the guidepost. What the House does is come to a \$593 million cost and subtract out \$71 million it feels should not be included in this guidepost.

Our analysis, it turns out, comes to about the same conclusion but we get it from a different reason, as follows: If you read the economic report which discusses the guideposts, it points out that in January 1966 under the law, private employers will be paying an increased social security tax which will, in turn, give additional benefits to employees. That is outside the guideposts. That additional employer tax is outside the guidepost.

Mr. MINTON. Why? No, you needn't go into that now.

Mr. SCHULTZE. The reasons are given in the report. It is laid down by law, it is not a matter of bargaining. In order to treat Federal employees the same way, we have deducted from the total costs in reaching the guideposts an equivalent amount, roughly a half percent, which is outside the guideposts of the economic report. It comes to almost the same as the \$71 million the House deducted.

If I may summarize, the House deducted from its cost estimates certain items of overtime and premium pay it feels should not be included in the guideposts. We believe it should be, but deduct a similar amount, almost the same amount, for another reason; namely, the private economy excludes this half percent the employers will pay. We include the same here.

Mr. MINTON. The House didn't exclude the half percent?

Mr. SCHULTZE. It used a different number, for a different reason. We did for a different reason, but came close to the same conclusion.

The CHAIRMAN. I would like to go into the fact that the House failed to put social security compensation benefits in the bill because



Ways and Means raised objection to consideration of that section by the House Post Office and Civil Service Committee.

Mr. SCHULTZE. As I understand, that is correct.

The CHAIRMAN. I would like to know how high a priority you put on the inclusion of the social security provisions.

Mr. SCHULTZE. I make two comments. First, in terms of priority with other things in the bill, we put a high priority on the social security provisions. And simply adding it to the House bill without making adjustments elsewhere, it makes the cost even higher.

The CHAIRMAN. What is the guidepost?

Mr. SCHULTZE. I believe there is \$85 million set for this purpose. I have been advised we figured \$116 million, but on their basis it would have been less, obviously.

That is right, my understanding is on the House basis it is \$85 million. I would have to check that for the record.

The CHAIRMAN. This would give to these employees, particularly those who worked less than 5 years, the same protection they would have in private industry.

Mr. SCHULTZE. That is right.

The CHAIRMAN. If an employee who worked 4 years for the Federal Government should die, what retirement would he have?

Mr. SCHULTZE. A short-term employee—may I check a moment on that?

I have been advised he would have nothing.

The CHAIRMAN. Under social security?

Mr. SCHULTZE. Protection would depend upon how many paid quarters he had under social security and the number of children in the family.

The CHAIRMAN. You put a high priority—I am sure I would—on the inclusion of the social security benefits. Will we reimburse the social security system for this coverage?

Mr. SCHULTZE. What would happen is the appropriate transfers would be made between the funds at the time the claim was made. In other words, you would wait until a claim was made and civil service retirement fund would make the appropriate adjustment.

The CHAIRMAN. An employee would pay the regular social security taxes?

Mr. SCHULTZE. Not while he was in Federal service.

The CHAIRMAN. He would pay into the retirement fund?

Mr. SCHULTZE. Yes; as he does now.

The CHAIRMAN. Out of the retirement fund you would reimburse the social security fund?

Mr. SCHULTZE. That is right.

The CHAIRMAN. I certainly hope we can include the social security provisions. Our employees have less protection at that period than private employees.

Mr. SCHULTZE. I agree. I again point out the fact we already have guidepost problems, and some way will have to be found to substitute this for others.

The CHAIRMAN. This would be a guidepost?

Mr. SCHULTZE. Yes, sir; it is an increased cost to the Government.

The point of guideposts is that increased payroll costs either directly in payroll or fringe benefits go into this, because these are costs. This is the basic rule we are applying.

In many cases you put these in because they are good; that is the reason you propose them. The mere fact they are good does not remove them from the guidepost.

The CHAIRMAN. Here we are talking about Government employees with absolutely no protection during the first 5 years of their employment. Is this an item that would be prohibited under the guideposts?

Mr. SCHULTZE. Yes, sir.

The CHAIRMAN. I can't agree with that. I think there are some things you took out of the guideposts. For instance, the overtime for postal supervisors.

I understand the Bureau of the Budget was in on the discussion, and agreed this was not a guidepost item.

Mr. SCHULTZE. As I understand it, Mr. Chairman—I was not there that day—as I understand it, our point was not it should not be a guidepost, but ways should be found to fit this package under the guidepost. We did not agree that should not be counted a guidepost item.

The CHAIRMAN. How about premium pay?

Mr. SCHULTZE. Same thing.

The CHAIRMAN. Was that agreed to?

Mr. SCHULTZE. As far as I know, there was no agreement with the House, that this was outside the guideposts.

Mr. MINTON. Sunday premium?

Mr. SCHULTZE. Yes.

Mr. MINTON. Mr. Macy has been accused of saying the Sunday premium is a nonguideposts item.

Mr. SCHULTZE. My understanding was this basic principle was good but the question was how to fit it in the guideposts. Mr. Macy, I understand, did not object to the basic proposition.

The CHAIRMAN. Some employees are receiving premium pay for Sundays. I understand this merely equalizes what other employees get. We should not have to include social security treatment.

Mr. SCHULTZE. It is true in this particular area the Federal system falls below the social security system, for example.

The CHAIRMAN. It falls below everything. There is nothing there.

Mr. SCHULTZE. What I am saying, in other areas the Federal retirement system is much better. Adding social security protection is an additional cost to the Government. It does provide additional benefits. We think that should be taken into account.

You cannot look at any one point in a system. You have to look at the system as a whole.

In this area it falls behind, in other areas it's way ahead. It is an additional cost to the Government, and should be taken into account.

The CHAIRMAN. It is a depressing inequity that every employee in the United States that works for a private employer has these benefits.

Mr. SCHULTZE. In making an adjustment from the House bill under the guidepost, we take that into account by extracting out the equivalent of what social security employers are paying. We have taken that into our calculations.

Mr. MINTON. Did you say wage-price guidelines include that which increases the benefit to the employee?

Mr. SCHULTZE. The cost to the employer. Now, it turns out in this particular case it increases the benefit to the employee.



Mr. MINTON. Is there any item costing money in any pay legislation that does not increase the cost to the Government?

Mr. SCHULTZE. We are talking about total compensation of employees, cost to the Federal Government of paying compensation to employees. The compensation is in the form of pay, benefits, overtime, sharing in health plans, and the like.

Mr. MINTON. Do you disagree with all of the \$71 million that the House discounted as being nonguidepost, or only some of it?

Mr. SCHULTZE. I believe that all of them must be counted in the guidepost.

As I indicated, it turns out we have made an adjustment which comes to the same amount, but gets at it by a different route. But the \$71 million, we do not believe those items should be excluded.

As I say, we come to practically the same conclusion with respect to a deduction, for a different reason. It comes to about the same thing.

Senator YARBOROUGH. I do not agree with all advocated by the Director of the Budget, and outside of this bill, in other fields, such as destroying the National Defense Education Act.

I do agree with the Director of the Budget about the dangers of inflation.

I was a student in Germany in 1921 and 1922, and saw people wiped out by inflation. While some lived on investments, others were literally starving.

In 1945, I was in France and saw inflation strike there, and the people were scrounging around the army camps for food.

I have seen inflation strike four countries, and the people who were hurt the least were very wealthy. They put their money into other currency. Perhaps those at the bottom of society, who don't want to be employed, scrounge around and get food and don't starve. I have seen middle-class people with skin drawn tight around their faces. They would not steal, scrounge around army camps, or beg, and literally starved.

I agree with you on inflation, but I don't agree with all of your approach to the budget.

The CHAIRMAN. Senator Hartke.

Senator HARTKE. Mr. Schultze, on this wage-price guidepost, you referred to it on page 2 in quoting from the President's economic message of 1966. You say the Federal Government does not have authority to impose ceilings on wages and prices?

Mr. SCHULTZE. That is right.

Senator HARTKE. Why do you?

Mr. SCHULTZE. We are not.

Senator HARTKE. You just recommend we do it?

Mr. SCHULTZE. No, sir. What we are saying, I can show you the record, is that by example and request and pointing out the importance of it, it does tend to work. The guidepost as a general proposition has worked generally.

Senator HARTKE. Tends to work generally?

Mr. SCHULTZE. That means there have been exceptions. If you look at the rate of increase in wages and salaries in the private economy, they have been within guideposts. They have averaged in some cases to less than guideposts.

Senator HARTKE. Has the price of milk been beyond the guidepost?

Mr. SCHULTZE. I don't know.

Senator HARTKE. Has the price of bacon gone up?

Mr. SCHULTZE. It has come down, I believe.

Senator HARTKE. Price of bread?

Mr. SCHULTZE. Yes.

Senator HARTKE. Price of vegetables?

Mr. SCHULTZE. Correct.

Senator HARTKE. Beyond the guidepost?

Mr. SCHULTZE. It is hard to apply guideposts to farm products.

Senator HARTKE. Do you want authority to impose ceilings on wages and prices?

Mr. SCHULTZE. No.

Senator HARTKE. If it is so good, why not have the authority legally?

Mr. SCHULTZE. There is quite a difference between the President asking for the voluntary restraint of the business community and the labor community and imposing price controls.

I worked at one time in the Office of Price Stabilization. Clearly if worse comes to worst, these things are necessary, but until that time, I think it would be a bad mistake.

Senator HARTKE. You don't want it, and so therefore you have a form of selective sacrifice among those people willing to be patriotic enough to accommodate this situation. That is fine. Those that don't want to, there is no penalty.

Mr. SCHULTZE. No, sir. What I want to point out is in areas in almost all the economy, except farm products, where it is impossible to work, it has been pretty successful.

Senator HARTKE. Have shoes gone up?

Mr. SCHULTZE. I believe they announced an increase; the price of hides went up.

Senator HARTKE. Is this in or outside the guidelines? Who makes the determination?

Mr. SCHULTZE. I don't know. My recollection is it is related to a very short increase on the price of hides.

Senator YARBOROUGH. I am opposed to the export tariff on hides.

In the Wall Street Journal in early 1966 the shoe industry said the main increase in price of shoes was the fact that labor costs had gone up, and management costs had gone up.

In a \$10 pair of shoes there is 68 cents worth of hide. The increased cost was labor and management, and not the cost of these hides.

Mr. SCHULTZE. What happens is when wage increases are within the guideposts, they are within for the reason that productivity is not rising rapidly, and you do get increases despite the guideposts.

I don't know the analysis of the shoe case.

Senator YARBOROUGH. Being from the largest cattle-producing State, I have made considerable study.

Mr. SCHULTZE. I think I got the point.

Senator HARTKE. He is not taking it out of your hide, though.

Why do you say that you don't know on these very items? This is the problem. You have two things. You have the question of comparability, and you admit these people are not being paid on the basis of comparability. You say they are approaching comparability.

Mr. SCHULTZE. That is right.



Senator HARTKE. Putting that aside for a moment, if you are not going to treat them fair in this aspect, why should you not go ahead and come back and have a system whereby you can come before this committee and say the things they are buying, their shoes on their feet, their clothes, their food and housing, that is what most people have to spend their money on—you say you don't know if this was in the guidepost.

Mr. SCHULTZE. The farm——

Senator HARTKE. Just a minute.

You say “we are going to put a ceiling on you which will not bring you up to the place where you are equal to private employment, and we are not going to be able to give you a determination of what we can do to hold in line costs on the other end of the spectrum.”

Would you not be better off if you could come in and say to the people working for a living, “We are going to impose a wage restraint on you of 3.2 percent, and a price restraint in the marketplace of 3.2,” so when he goes out there he can get the same amount, so you don't have this problem Senator Yarborough is talking about, people going out and scrounging, if this inflation is about to be present, as indicated? Would you not be better off?

Mr. SCHULTZE. No, sir, I don't believe so.

If you look at what happened, there has been a significant increase which recently leveled off in food prices. You look at other areas——

Senator HARTKE. The food price leveled off—do you want to say why the Secretary of Agriculture says the food price leveled off?

Mr. SCHULTZE. I presume because he saw the statistics.

Senator HARTKE. The reason he gave was the farmer is going to get less.

Mr. SCHULTZE. Farm income, as you know, has gone to record heights, and is still going up.

Senator HARTKE. \$1 billion.

Mr. SCHULTZE. That is right.

Senator HARTKE. What was the increase cost to the Government of farm economy last year?

Mr. SCHULTZE. I would have to look it up.

Senator HARTKE. \$1 billion. He did not get it from the marketplace. The price of food went up in the marketplace, but the increased income to the farmer was equal to the total amount the Government increased the subsidy.

Mr. SCHULTZE. That was true in 1965, but 1966 fiscal year farm expenditures will be down substantially. I don't have the figures with me.

Senator HARTKE. I don't like this guidepost, as you well know. That is no news to you, so you understand how I feel about it.

Why, if you feel you need them, why don't you come to Congress and say that the Federal Government does not have authority to impose ceilings on wages and prices, we want to do it, fairly for everybody, so therefore we are asking for the authority to do it for everybody?

Mr. SCHULTZE. If we were——

Let me back up.

It seems to me there is a mean between the Federal Government not doing anything and slapping on wage and price controls. If prices were rising at really an inflationary rate, going through the ceiling, it might be well to have wage and price controls.

If there was no inflationary pressure in the economy at all, you would not need the guideposts. But it seems to me the guideposts are a means between doing nothing and a drastic wage and price control.

I don't think we should restrict ourselves to those extremes, nothing and wage-price control.

Senator HARTKE. If the reasonable men of this committee disagree with the Council of Economic Advisers on the items to be included in the package, here, would you object?

Mr. SCHULTZE. If I were on the other side, I think even reasonable men can object to the action. You have to take a look at specifics.

Senator HARTKE. Do we have inflation now?

Mr. SCHULTZE. No, sir.

Senator HARTKE. As I understood the report was that the gross national product increased close to \$17 billion in the first quarter of 1966.

Mr. SCHULTZE. That is correct.

Senator HARTKE. In the release of the statement by the Government, \$10 billion of that was due to increased spending, and \$7 billion to inflation.

Mr. SCHULTZE. I would hate to answer that off the top of my head. I think the \$7 billion was too high. That \$7 billion sounds high.

Senator HARTKE. It sounds high to me, too.

Mr. SCHULTZE. That would be approximately 1 percent of the gross national product, and I don't think the price index went up that much.

Senator HARTKE. Wholesale prices have been rather stable for the last 8 weeks. Isn't that true?

Mr. SCHULTZE. That is correct.

Senator HARTKE. But the point is that takes in so many things all through the spectrum, but these people, I talked about food, which you admit has gone up substantially, shoes, and rent, these have all increased substantially.

Mr. SCHULTZE. I might say what do you mean by inflation?

Senator HARTKE. I know that is a difficult term.

Go ahead.

Mr. SCHULTZE. During the period 1961, 1962, and 1963, when the economy was operating with clearly a higher than desirable level of unemployment, I don't think anybody said we had inflation, but the consumer price index rose about 1.2 percent a year.

That is not good, but I would hesitate to designate a small rise in prices as inflation. I can't draw the line.

Senator HARTKE. I know what I was including is in the guideposts in this package.

Mr. SCHULTZE. In the House proposal?

Senator HARTKE. Wherever it is, you are familiar with it.

Did you include the increased taxes imposed this year by the Federal Government on automobiles and telephones?

Mr. SCHULTZE. It was not an increase. It was a deferral of what would otherwise have occurred, but taxes did not go up.

Senator HARTKE. Now, Mr. Schultze, let's be honest. You don't want to say that, really, do you? Do you want to strike that from the record?

Mr. SCHULTZE. I won't strike it from the record, but I admit it is not very responsive.



Senator HARTKE. Let's come on back. Let's clarify the record, if you are not going to take it out.

Excise taxes on telephones were repealed, dropped to 3 percent, from 10 to 3 percent.

Mr. SCHULTZE. That is right.

Senator HARTKE. The 7 percent was repealed?

Mr. SCHULTZE. That is right.

Senator HARTKE. Congress adjourned, we went home?

Mr. SCHULTZE. That is right. There was a month or 2 months when they were actually in effect.

Senator HARTKE. Five months. March 1, they went back on.

Now that we have the record straight, what I want to know: Did you, when you put those new taxes in—was that additional cost considered when you put the package in?

Mr. SCHULTZE. No, sir.

Senator HARTKE. Now, we established that you did not consider it, but it increased the cost of this man's living, did it not?

Mr. SCHULTZE. The percentage passed on, that is right.

Senator HARTKE. It passed on, it is a telephone bill, right at the bottom it says 7 percent more?

Mr. SCHULTZE. I don't want to belabor it. It was up to 10 percent. For 5 months it came to 3, and then went back up again.

My point is compared to last year, there is not an increase in that sense.

I don't want to belabor it.

Senator HARTKE. I did not think we would have to discuss the fact, but since we did, what happened was 7 percent was added to his telephone bill. This was an added cost to his living.

Mr. SCHULTZE. Compared to what he had for 5 months.

Senator HARTKE. Even if it is 1 day, it is 7 percent more. Right?

Mr. SCHULTZE. Yes.

Senator HARTKE. Do increased taxes increase the cost of living?

Mr. SCHULTZE. No, sir. It does on the specific item you indicate, but the whole point of the tax is to hold down the increased purchasing power, so you don't get inflation.

Granted the specific commodity you put it on does rise in price if it is an excise tax, but the whole object of the game is to keep down excessive demand.

I cannot agree increased taxes increase the cost of living, even though it does on this one item.

Senator HARTKE. We are going to have a reasonable difference of opinion on that.

In this package, if you went to full comparability, what would be the additional cost to the Government, \$873 million? Is that correct?

Mr. SCHULTZE. That would be for pay alone; \$837 million for pay alone. That is correct.

Senator HARTKE. What is the cost under the administration recommendation for pay?

Mr. SCHULTZE. Taking the whole administration recommendation of pay and fringes, it is \$485 million.

Senator HARTKE. So it is roughly about \$350 million difference? Is that right?

Mr. SCHULTZE. Right.

Senator HARTKE. For \$350 million we could put these on a comparable pay basis all the way through?

Mr. SCHULTZE. If you then dropped all the other fringe recommendations, that is correct. The \$485 million includes fringes as well as pay. If you put \$350 million on and dropped all the fringes, then you are correct.

Senator HARTKE. As I understood you to say on page 5, you said attainment of full comparability of all grade increases for fiscal year 1967 would cost over \$416 million.

Mr. SCHULTZE. That is for pay alone.

Senator HARTKE. You consider that irresponsible?

Mr. SCHULTZE. Yes; I would.

Senator HARTKE. Because you consider the package which the administration recommended meets the necessities. Right?

I will read your words: "The necessities of both fiscal prudence and guidepost principles."

Right?

Mr. SCHULTZE. Right.

Senator HARTKE. What meets the necessities of living for the man working for a living out here on the Federal payroll? What about him?

Mr. SCHULTZE. As you know, Senator—

Senator HARTKE. Does he have to take? Does he have to be not considered?

Mr. SCHULTZE. No, sir. We are considering him. This pay increase and the pay increases the administration has proposed, and Congress enacted in recent years, moved Federal employees' salaries up well beyond the cost of living. There have been other increases, but the pay increases were beyond that.

Senator HARTKE. Do you expect increased taxes this year?

Mr. SCHULTZE. The President has said he is prepared if necessary—now it is not necessary.

Senator HARTKE. Do you see an increase in the living cost to the individual that the Federal pay raise would be adjusted to account for this increase in taxes he would have to pay?

Mr. SCHULTZE. I don't think so. If this were done in general and private employment and private unions followed the same thing, it would defeat any action you might take.

Senator HARTKE. Thank you.

The Chairman. Thank you, Senator Hartke.

Senator Simpson?

Senator SIMPSON. I won't ask a question, but I want to compliment Mr. Schultze and Mr. Macy on making very fine statements in defense of the administration's policy.

I don't agree with some of what has been said, or at least the construction placed upon it. I think there is some disparagement between the two statements, and I would like to have an opportunity to either examine them here, or to submit questions to them by mail, which they might answer, because I understand Mr. Schultze is obligated to other committees.

I can't think of any committee more important than this.

Mr. SCHULTZE. I agree, but find that difficult to tell other committees.

Senator SIMPSON. I think we have opened up with these two witnesses the whole ramifications of this matter.



Mr. SCHULTZE. I would be glad to be at the committee's convenience any way it wishes, barring the fact I absolutely am locked in on testimony.

The CHAIRMAN. Will you prepare for the committee, at the earliest possible time, the cost of every item in the bill, and whether it is in the guidelines?

Mr. SCHULTZE. We will give you a comparative analysis of the House bill, and our analysis of those items.

The CHAIRMAN. We will move forward with the witnesses for Government employees tomorrow at 10 o'clock.

Mr. MINTON. One final question. In determining guideposts, do you take into account salary plus fringe benefits?

Mr. SCHULTZE. Right.

Mr. MINTON. In determining comparability in private enterprise, is it just salary, or salary plus fringe benefits?

Mr. SCHULTZE. Just salary. We are trying to get information on fringe benefits, but at the moment the information only allows us to compare it on salary.

Mr. MINTON. Isn't it inherently unfair to compare Federal salaries and private enterprise salaries and include fringe benefits with the Federal salary while you—and the 1962 statute—exclude fringe benefits from consideration in private enterprise?

Mr. SCHULTZE. I am not sure how it will work. As you know, the last time there was a survey of the two, by the Bureau of Labor Statistics, in 1963, which showed them about equal. There has been a quarrel lately whether the Federal cost was not understated.

The CHAIRMAN. The committee stands in recess until 10 tomorrow morning.

(Whereupon, at 12:30 p.m., the committee recessed, to reconvene at 10 a.m., Thursday, April 21, 1966.)

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# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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THURSDAY, APRIL 21, 1966

U.S. SENATE,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met at 10 a.m., pursuant to recess, in room 6202, Senate Office Building, Senator A. S. Mike Monroney (chairman of the committee) presiding.

Present: Senators Monroney, Yarborough, Burdick, Carlson, Fong, Boggs, and Simpson.

Staff members present: John M. Burzio, staff director, David Minton, general counsel, Frank A. Paschal, LeGrand A. Rouse II, and Hugh B. Kay II, professional staff members.

The CHAIRMAN. The Committee on Post Office and Civil Service will resume its hearings on H.R. 14122, the Federal Salary and Fringe Benefits Act of 1966.

I would like to point out for those who were not here yesterday that our first two witnesses were the Chairman of the U.S. Civil Service Commission, and the Director of the Bureau of the Budget. Both witnesses completed their formal statements before the committee, but it may be that we will ask them to return at a later date so that other members of the committee will have an opportunity to question them on issues that were raised at our hearings yesterday. Neither of these witnesses is available to the committee for our hearing this morning.

I have been informed Mr. Richard J. Murphy, Assistant Postmaster General, Bureau of Personnel, Post Office Department, will represent the Postmaster General and be our first witness this morning.

Please come forward, Mr. Murphy.

Senator CARLSON. I hope we will have the Chairman of the Civil Service Commission and Director of the Budget return in view of what I believe is their expressed statement that the total amount of the House bill is more than they would approve. I think we should have a further discussion.

The CHAIRMAN. I had an interrogation with reference to the administration's position on the bill and the amount of the bill. As I recall the bill is some \$33 million over the guidelines laid down by the President; is that not correct?

Mr. MURPHY. Yes; that is correct.

The CHAIRMAN. May I ask if the Postmaster General will also represent the Post Office Department?

Mr. MURPHY. I don't think he plans to but I am sure he would be happy to come anytime you like.

**STATEMENT OF RICHARD J. MURPHY, ASSISTANT POSTMASTER GENERAL, BUREAU OF PERSONNEL, POST OFFICE DEPARTMENT; ACCOMPANIED BY DR. HERBERT BLOCK, COMPENSATION DIVISION, BUREAU OF PERSONNEL; JOHN D. SWYGERT, DIRECTOR, INSTALLATIONS MANAGEMENT DIVISION, BUREAU OF OPERATIONS; AND ADAM G. WENCHEL, ASSOCIATE GENERAL COUNSEL**

First I would like to take the opportunity to thank you for the opportunity to appear here this morning and for holding these hearings so promptly. I would like to present the people accompanying me: Dr. Herbert Block, from the Compensation Bureau, Mr. John D. Swygert, Director of the Installation Management Division, and Mr. Adam G. Wenchel, Associate General Counsel of the Department.

It is a pleasure to appear here once again and to present, on behalf of Postmaster General O'Brien, our views on H.R. 14122, the Federal Employees Salary Act of 1966, passed by the House on March 30, 1966.

Before speaking specifically on H.R. 14122, I believe it is appropriate at this point to recognize and commend the Congress for some remarkable achievements in personnel legislation. Legislation passed last year by the Congress helped us greatly to modernize the work and pay rules of the postal establishment.

Paywise, we had lagged considerably behind comparability, our overtime rules were antiquated, work schedules outmoded, our employment ceilings unrealistic.

These are some of the progressive legislative changes which this Congress adopted last year.

1. Removed the Post Office Department from the unrealistic employment ceiling imposed by the Whitten amendment.
2. Provided a 5-day week for postmasters.
3. Eliminated, for rank and file employees, and first-line supervisors the antiquated system of compensatory time.
4. Provided, for the first time, premium pay for overtime worked by substitute employees.
5. Clarified rules on overtime including, for the first time, cash opportunities for work on a sixth or seventh day.
6. Recognized through a 25 percent differential that regularly scheduled Sunday duty was special duty.
7. Provided cash instead of compensatory time for holidays.
8. Established the maximum permissible hours of work in 1 day.
9. Provided an increase in base pay of 3.6 percent.
10. Provided severance and relocation pay.

While 1965 was a banner legislative year for postal employees, we recognize that there is still much to be done. Proposals to deal with the unfinished business in three major areas are reflected in the message on pay, health benefits, and retirement, which the President sent to the Congress.

H.R. 14122 contains some of these proposals, modifies some, and adds some new items. I plan, in today's session, to speak about those features of H.R. 14122 pertinent to the postal service.



## 1. INCREASES IN BASE PAY

Section 104, H.R. 14122 proposes an across-the-board pay increase of 2.87 to 2.9 percent for all PFS salary levels except those at the very top. Slightly smaller percentage increases are assigned to the super-grades in the PFS schedule.

We do not see any validity or necessity for an across-the-board pay increase. A pay increase is clearly necessary—but the amount of increase appropriate for each salary level should be based on some objective criteria.

The President in his message to Congress of March 7, 1966, recommended pay increases ranging from 1 percent to 4½ percent. These various percentage adjustments were based on the most recently completed survey by Bureau of Labor Statistics as to prevailing salary rates in private enterprise for various levels of work.

The BLS statistics revealed that at the lower levels a relatively small percentage adjustment was needed to achieve comparability, while in higher levels a proportionately higher percentage adjustment was needed. This was true, primarily because we have never fully voted the increase necessary to close the gap between private industry rates and the Government in the middle and higher grades in prior years.

The President's schedule was developed within the framework of two principles:

1. To the maximum extent possible comparability should be attained.

2. Total direct salary increases should not cost more than 2.85 percent of payroll so as to keep within the wage price guideposts.

Because private industry rates in lower levels did not move as rapidly during the past 4 years as rates in higher levels, and because in past years postal employees in the lower levels had catch-up increases, it was possible to fully apply the first principle to the first four levels of the PFS schedule.

A 2.4 percent increase in levels PFS-4 would result in full comparability according to the latest available BLS data, which, as you know is based on the March 1965 survey. As you know, PFS-4 is the level for clerks and carriers; further, the first four levels encompass about 85 percent of postal employment.

Applying full comparability with industry rates above level 4, however, would have resulted in payroll costs greater than 2.85 percent of payroll. The alternative then was to shave down the increases proper under full comparability for levels above PFS-4 keeping one eye on comparability, the other on total payroll costs.

Overall, the reduction averaged about one-third of the comparability gap above level PFS-4. Thus, while a 2.4-percent increase gave the PFS-4 level full comparability, at PFS-11 the proposed increase of 3.5 percent was about one-third of the percentage adjustment needed to achieve full comparability. The result of these adjustments is contained in the attached chart.

(The document referred to follows:)

*Proposed pay increase—Comparability analysis*

	Proposed 4th step	Proposed percent increase	Full comparability	Proposed dollar increase	Percent of 1965 com- parability
PFS-1-----	\$4,590	2.2	(2.2)	\$99	100.0
PFS-2-----	4,970	2.3	(2.3)	111	100.0
PFS-3-----	5,385	2.3	(2.3)	122	100.0
PFS-4-----	5,840	2.4	(2.4)	136	100.0
PFS-5-----	6,240	2.4	(3.6)	146	98.8
PFS-6-----	6,690	2.4	(4.7)	158	96.8
PFS-7-----	7,165	2.4	(5.8)	168	96.7
PFS-8-----	7,755	2.4	(5.9)	183	96.6
PFS-9-----	8,390	2.4	(6.0)	197	96.6
PFS-10-----	9,220	3.2	(8.4)	285	95.2
PFS-11-----	10,225	3.5	(9.2)	346	94.8
PFS-12-----	11,340	3.8	(10.2)	415	94.2
PFS-13-----	12,585	4.1	(11.0)	495	93.7
PFS-14-----	13,935	4.5	(12.2)	598	93.1
PFS-15-----	15,395	4.5	(13.3)	663	92.2
PFS-16-----	17,025	4.5	(14.3)	735	91.5
PFS-17-----	18,840	4.5	(15.1)	810	90.8
PFS-18-----	20,375	2.0	-----	401	-----
PFS-19-----	22,580	2.0	-----	441	-----
PFS-20-----	25,040	2.0	-----	492	-----

\*This would provide 100 percent of comparability for about 85 percent of our work force, descending to a minimum of 90.8 percent at PFS-17. The supergrades PFS-18 to 20 are given 2 percent because of the compression problem with pay of executive level categories.

The chart demonstrates, Senator, exactly what the percentage increase is as proposed by the President, what the proposed dollar increase would be and where this puts us in relationship to 1965 comparability for each of the PFS levels.

As indicated here this could provide 100 percent of comparability for 85 percent of our work force descending to a minimum of 90.8 at PFS-17.

I hope that this recital of how the President's schedule was developed will clarify a common fallacy. The fallacy is that the 2.85-percent increase the President spoke of related to the amount each individual ought to receive and that anything higher would be departure from the wage guideposts.

The 2.85 figure is a total cost figure and can encompass increases from some of 1 percent and for others of 4.5 percent. For that reason also, the guideposts are not violated if increases to some are in excess of 3.2 percent.

Last year the Congress was faced with much the same dilemma on pay as it is confronted this year—should all employees be given the same percentage increase? A 3.6 percent across-the-board increase was enacted. The result was only to worsen the disparity with comparability on the part of the middle and higher level employees.

During the period 1961-65 the Bureau of Labor Statistics found these increases had taken place in private enterprises:

Clericals, 10.6 percent.

Lower professional and administrative, 13.7 percent.

Higher professional and administrative, 15.2 percent.

Clearly an across-the-board increase of the same amount does not recognize what is taking place in the private sector of the economy. To enact another across-the-board increase this year will resolve nothing.

Next year the Congress will be faced with the same dilemma and if the private sector trend continues, the need for higher percentage increases in the higher levels will be even more demanding.



Congress has done an exceptionally fine job in keeping pay for our lower level postal employees fairly current.

The justifiable increases provided postal rank and file employees during the past few years compare favorably with the experience of employees in private industry during comparable periods of time.

The committee is also mindful, I am sure, that the average postal employee's salary is not tied solely to initial salary. Happily, unlike many areas of private industry, each postal employee has a series of pay increases which he achieves virtually automatically.

During his first 6 years of employment he receives an increase of 3 percent every 12 months. Thereafter, he receives an additional 3 percent every 3 years, until he has reached the 12th pay step. Because of our relatively low turnover in the postal service, plus the fact that in 1962 the law provided an extra step to each employee in PFS-4, and below on the rolls at that time, the average postal clerk and carrier is now in step 8 of his level.

The following chart on the salary progression of the average clerk and carrier should prove informative.

(The document referred to follows:)

1962 schedule		October 1962 schedule		October 1965 schedule		Increase	
Step	Rate	Step	Rate	Step	Rate	1962 amount	1965 percent
1	\$4,345	2	\$4,725	5	\$5,865	\$5,520	35.0
2	4,505	3	4,885	6	6,036	1,531	34.0
3	4,665	4	5,045	7	6,207	1,542	33.1
4	4,825	5	5,205	7	6,207	1,382	28.6
5	4,985	6	5,365	7	6,207	1,222	24.5
6	5,145	7	5,525	8	6,378	1,233	24.0
7	5,305	8	5,685	9	6,549	1,244	23.4
A	5,404	9	5,845	10	6,720	1,315	24.3
B	5,505	10	6,005	11	6,891	1,386	25.2
C	5,605	11	6,165	12	7,062	1,457	26.0
		12	6,325				

What it demonstrates is an employee who in 1962 was in step 1 due to increases voted by the Congress, plus the scheduled step increases he has received, is in step 5 in October of 1965 or he has had a pay increase of 35 percent in that 4-year period, which we think is a very remarkable increase and compares favorably with anything in private industry.

As you know as you go down the steps the percentage increases change, they drop and then go up again, that used to be the longevity.

The schedule shows a minimum of 23.4 percent.

## 2. SALARY PROTECTION FOR TRANSFEREES

Section 401, H.R. 14122 authorizes the Postmaster General to appoint or advance any Federal employees who together with his function, is transferred, prior to, or after the date of enactment of this subsection to a post office or other postal installation at a salary rate that within certain limits will honor the salary earned in his former position.

We endorse this provision. Under present law, except for scientific and professionals, any person, whether currently a Federal employee or not, upon initial employment in a post office must start at step 1 of

the level of his position. This has worked severe hardships on many employees transferred to the postal service.

For example, a few years back a number of civilians with the Department of the Army—carpenters, electricians, and so forth—transferred with their functions, to the Postal Concentration Center in Long Island City, N.Y. The Post Office Department had accepted maintenance responsibility from the Army for the APO mail building.

Despite the fact that these civilians continued to do the same work in the same locality, as postal employees they were all forced to take substantial pay cuts. Section 401, H.R. 14122, permits the Department to rectify this situation as well as to preclude it from happening in the future. We do not foresee extensive use of this provision, but as an equity measure we see the provision as being extremely meritorious.

### 3. POSTAL SENIORITY ADJUSTMENTS

Section 402, H.R. 14122, is an extreme liberalization of the current law which permits the adjustment of a senior employee's salary vis-a-vis a junior employee.

The liberalization contained in section 402, H.R. 14122, are these:

1. All employees regardless of PFS salary level are covered, and currently only employees through PFS-9 are covered.

2. The requirement that comparisons be on the basis of the same position is dropped. This permits comparing a foreman of mails with a foreman of auto mechanics.

3. The rulemaking authority on the part of the Postmaster General is withdrawn.

In the anxiety to mitigate an immediate inequity section 402, H.R. 14122 overlooks the whole host of events which led to the enactment of the present statute as well as being somewhat oblivious to future events. In personnel administration one of the hard lessons to learn is that what may be appropriate for certain immediate problems may not be appropriate for subsequent application. Therefore any short-range proposal also must be examined for its long-range implications.

There are many reasons why a senior employee may find that a junior employee, at a given point in time, is in a higher pay rate:

1. Employees do not progress through the step rates or upward through the salary levels in the same sequence or time intervals. Step increases may be withheld (for performance or absentee reasons) or may be accelerated (for quality performance reasons). Promotions may be at one PFS salary level interval for some employees and for some at two, three, or more jumps. In the postal service it is not uncommon for an employee to progress from clerk PFS-4 to foreman PFS-7 and then to general foreman PFS-9; while in the same office another employee may progress from carrier PFS-4, to technician PFS-5, to foreman PFS-6, to foreman PFS-7.

Promotions depend upon the coincidence of a qualified person being available when a position vacancy is also available. Because of these variables a senior may find that his junior is in a higher pay step.

2. To encourage employees to seek and to accept promotions the law provides a minimum dollar pay increase on promotion. If one or two levels are involved, the minimum increase is the dollar value of two pay steps.



If three or more levels are involved, the minimum increase is the dollar value of three steps. As a result, employees who progress through each of the levels often end up in higher step than an employee who may have jumped levels.

For example Employee A who went from PFS-4 to PFS-7 may be in a lower step than Employee B who went from PFS-4 to 5, to 6, to 7. Both employees are in PFS-7. Should their total postal service establish their pay standing in PFS-7 vis-a-vis one another? We do not believe so. The pay they receive represents their value to the Government. The happenstance of personal relativities should not be persuasive for if we establish pay principles in terms of personal reasons, we will soon make a mockery of the entire pay structure.

Many people seem to have forgotten why the current law permits certain limited junior/senior adjustments. Under the pay conversion rules of the pay act of 1962 (Public Law 87-793) each employee in PFS-4 and below received an extra step, e.g., a carrier PFS-4, step 5 on conversion went to PFS-4, step 6.

Just prior to that law, many employees accepted promotions from PFS-4 and learned that had they remained in PFS-4 until after conversion, they would have been better off. This was especially true of carrier technicians PFS-5 since that program only started in 1962.

The intent of Congress when it enacted Public Law 88-426 was to correct this basic problem and we think it has been corrected in most every instance, and we have taken action to correct that.

In addition to establishing a personal basis for step adjustment, another deficiency in section 402, H.R. 14122 is that comparisons are terms of levels, not position. As a result a foreman of mails, PFS-7, would have his pay set in comparison with the pay of a junior foreman of auto mechanics PFS-7 or junior accounting assistant PFS-7.

With promotion ladders for each occupation having its own special arrangements, I believe the defect in this kind of comparison is self evident.

Personnel administration must be concerned with the greatest good for the greatest number. It is not possible to design a system that will be totally good to all. A system of personal administration cannot work in any large organization. The alternatives to the present statute, and ones which we do not recommend are: the return to a single rate system for upper level employees, or the elimination of any promotion incentive, or a law which limits the number of levels and frequency of promotions. We think that is unsatisfactory.

We estimate that this provision in H.R. 14122 would cost about \$4 million. An expenditure of \$4 million could certainly be used for a more justifiable and urgent purpose.

#### 4. OVERTIME FOR SUPERVISORS

Section 404, H.R. 14122 contains some very significant and costly changes to the present law. Section 404 if enacted would:

First, extend the cash only principle for holidays and overtime work from PFS-7 to PFS-10. We have the opportunity of either cash or comp at—

The CHAIRMAN. Cash or compensatory time?

Mr. MURPHY. Yes; compensatory time or cash;

Second, it would change the maximum rate of overtime compensation from the top step of PFS-7 to the top step of PFS-10. We think we are already fairly liberal by other Government standards in using the top PFS-7.

Third, it would eliminate from those exempted from any premium or compensatory pay, employees in the very top salary levels, viz, PFS-15, PFS-16, and so forth.

If enacted section 404 would result in a cost increase of about \$15 million a year, obviously a fairly large item in a year when we are trying to keep costs down as much as we can.

Last year when Congress enacted Public Law 89-201 and provided premium pay for supervisors it accepted an extremely important principle supported strongly by the administration.

The principle was that first line supervisors should not be at a pay disadvantage to their subordinates. Since Public Law 89-301 extended overtime opportunities to substitutes and regular clerks and carriers and eliminated compensatory time, it was appropriate that the first line supervisor should also receive such benefits.

The work schedules of higher level supervisors are more flexible (in fact they become increasingly more subjective and more flexible up the hierarchy to the point where fixed schedules are inappropriate in an installation operating 7 days a week, 24 hours a day).

The current legal requirement of cash or compensatory for higher level supervisors recognizes the greater flexibility of their work schedules. In other words, overtime on 1 day may be offset by compensatory a few days later.

We have always found that sufficient opportunities existed for higher level supervisors to take compensatory time during slack periods. But also, we have recognized special situations. To illustrate, during the 1965 Christmas period higher level supervisory employees were given overtime pay for excess work.

In this connection, the Bureau of Labor Statistics in its recent study on supplemental compensation benefits in industry found that only one-third of the industrial units studied, paid any amount for overtime work by supervisory employees. Where excess work was paid for, the most common rates was 100 percent not 150 percent.

The present authority of the Post Office Department, which requires the payment of overtime compensation to supervisors in PFS-7 to or below, and provides optional pay or compensatory time in higher levels, is clearly liberal by industry standards.

We see no justification for further liberalization at this time, especially in view of the cost involved compared to the value of the benefit received.

## 5. INCREASE IN UNIFORM ALLOWANCE

Section 507, H.R. 14122 changes the current uniform allowance law in two respects:

1. Allowances in effect are increased by the following schedule:

Allowances:	Percent
\$100 or more.....	25
\$75 to \$100.....	30
\$50 to \$75.....	35
Under \$50.....	40



The second major change the bill makes is the allowances as of April 1, 1966, are not to be reduced.

Insofar as I am able to discern no testimony was submitted to justify the scale of increases contained in section 407 especially increases of 40 percent. I recall only some testimony that clothing prices went up over the last 10 years about 20 percent.

That evidently was the justification for increasing the maximum allowance to \$125—nothing was ever submitted to my knowledge justifying, for example, an increase of 40 percent for the window service uniform or maintaining that all letter carriers were having out-of-pocket personal costs of \$25 above their \$100 allowance in order to be properly attired.

With the enactment of Public Law 89-301 in October 1965, Congress authorized the Postmaster General to increase uniform allowances up to \$125 a year from the old maximum of \$100 a year.

The action was not a mandate, but an expectation that administering officials would make necessary adjustments where uniform cost increases dictated. We have already indicated our willingness to do so. As an administrator, each agency head was obligated to administer the program with due regard for the Government's interest in the expenditure of money, as well as for the employees' needs for increased uniform allowances.

Since October 1965 we have reviewed with employee representatives and representatives of the uniform manufacturing and vending industry ways of assuring the efficacious administration of the program. This we believed was a necessary prerequisite to any determination as to how the increased allowances were to be distributed.

The fundamental question to be answered is the extent to which employees are actually unable to obtain all of their required uniform items within the present allowance. I have serious reservations as to the inadequacy of the present allowance, for other than the new employees, for these reasons:

1. Demands for additional items to be authorized for purchase. In 1955 the original letter carrier uniform listed 13 authorized items; now there are 26. The additional items include gloves, parka hoods, rain pants, fur cap, mesh cap, and so forth. From our view the demand for additional items is indicative of the desire to find outlets to spend the allowance now authorized. While 13 new items were added we turned down requests for inclusion of many other items.

2. Purchases of high-priced items. The willingness of some employees to pay \$17.95 for a sweater when a regulation one can be bought for \$9.50, or \$22.95 for a pair of pants when regulation ones are available for \$12, et cetera, indicates to me that employees apparently are seeking ways to use up their allowance.

3. Abuses. I do not wish to relate here the far too many employees who have gotten into trouble because they submitted requests for reimbursement for questionable purchases, or for prohibited purchase of civilian type of items.

Apparently our frequent warnings to employees, the cooperation of the Uniform Manufacturers Association, and the pleadings by out employee unions on the dangers of submitting false vouchers have failed to reach all employees. Once again, to me, it is evidence that the current allowance must be sufficient if questionable vouchers are submitted in order to use up the current allowance.

4. Reimbursement system. On a few occasions and primarily as a means to eliminate abuses to the system, we have proposed to our employee organizations a system of periodic cash allotments instead of our present reimbursement system. Employees would not have to prove their purchases. Almost every employee organization has indicated their fear that their members would not spend all the allotment on uniforms.

The uniform manufacturing and vending industry, too, opposed any change in this direction. The industry believes that with a direct allotment system the cash would not be spent on uniforms and there would be a very substantial cutback in the \$19 million a year postal uniform business the industry now enjoys. Only if the current allowance were more than adequate for year-to-year maintenance would their fears be justified.

From all of the above, what other conclusions could we draw but that, except for the new employees, who are in our estimation entitled to a 25-percent increase for the first year or two in order to become entirely outfitted, our uniformed employees were apparently sufficiently supplied under the current allowance. To increase the allowance across the board then would represent a bonus for wearing the uniform and would not be necessary to meet existing costs.

As part of the revisions to our national agreement under the provisions of E.O. 10988, we offered to negotiate a uniform allowance with all organizations having uniformed members. We indicated we favored some increases. With the exception of two organizations all expressed a willingness to negotiate. If this matter could be settled through negotiation the taxpayer's dollar would be most wisely spent.

In our opinion section 407, H.R. 14122 is totally wrong. The Postmaster General and other agency heads should continue to be trusted with administering the uniform allowance program within the discretionary authority now prescribed by law.

If the intent of Congress is that each employee required to wear a uniform should be given a cash bonus for such duty, then the law should be designed along that line. We do not endorse or recommend any change to the present law. We think the matter should and could be settled by negotiation between the Postmaster General and the employee unions.

H.R. 14122 contains some, but not all, of the President's recommendations on needed pay increase and employee benefits legislation. The increase proposed by the President in base pay averages about 2.85 percent. When supplemented by the fringe benefits the total increase the administration proposes comes to 3.2 percent.

These proposals were described in some detail by Chairman Macy and I want to say on behalf of Postmaster General O'Brien that these will be of particular benefit to postal employees and to the efficiency of postal operations. The Post Office Department whole heartedly subscribes to them. The new cost-sharing ratio proposed by the President for the health benefits is manifestly more equitable and realistic than the ratio that now prevails.

The privilege of retiring with full annuity at age 55 after 30 years' service responds to a need long expressed by employee groups and we fully support it. The greatly limited concurrent authority recommended by the President for agencies to exercise the retirement option—limited to employees in top grades who are fully eligible for



unreduced annuities—responds to a long-felt need of management officials, and is essential from our point of view if we are to do the management job we are expected to do.

Reducing the service requirements at age 60 from 30 years to 20 years will give an entirely new retirement option to career employees who reach an age when they may reasonably feel entitled to stop work or may find it actually necessary to withdraw because of declining physical capacity.

The transfer of credit provisions will finally close the gap for large numbers of present and future workers who under the existing structure would end their working lives without either civil service retirement benefits or social security credit for their Federal employment.

The social security minimum will guarantee that employees who receive benefits under the civil service retirement system will get no less than if their Government service had been covered under social security.

These several benefits, when added to the general pay increase which the President has proposed, represent an extremely meaningful package of improvements in the compensation of postal and other Federal employees.

From the above material, the Post Office Department recommends as follows:

1. *Base pay.*—The President's recommendation of a graduated increase in base schedules, averaging just under 2.9 percent for all pay systems, starting January 1, 1967, is the fairest and soundest approach and conforms to the concept and purpose of the wage guidelines.

2. *Retirement and health insurance.*—The fringe benefits package submitted to the Congress by the President is an extremely meritorious document. Postmaster General O'Brien had the privilege of serving on this Cabinet Committee on Retirement and concurring in the Committee's report. Enactment of the proposals in the package will improve significantly the total compensation value of Federal employment. As a matter of fact in the longrun term I think it is one of the most significant things in the bill.

3. *Salary retention of transferred employees.*—We recommend enactment of this provision in order to provide equitable treatment of Federal employees who, with their functions, are transferred to the postal service.

4. *Junior and senior adjustments.*—The principles for sound personnel administration preclude spending millions of dollars in this fashion. We recommend that section 402 be stricken from H.R. 14122 as unwarranted and the money applied to really necessary purposes.

5. *Premium compensation for higher level supervisors.*—Our present system of cash or comp is clearly in line with or better than industrial practice. We recommend that section 404 be stricken from H.R. 14122.

6. *Uniform allowances.*—The present law is sound. Section 407 in H.R. 14122 recognized neither the realities of current employee needs nor the responsibility for administration. Needed increases in uniform allowances can and should be negotiated between labor and management without further legislation.

This discussion sums up the principal features of the proposals before this committee on postal pay and related benefits. It has been a privilege to discuss them with you, as in the past, I look forward to working with this distinguished committee to improve employee benefits again this year. I am sure that we have not covered all the points of interest to you. However, I will be glad to answer any questions the committee may have.

(The document referred to follows:)

*Salary legislation*

[Costs in millions]

1. House committee estimate, H.R. 14122:	
Total cost-----	\$593. 6
(a) "Guidepost" costs-----	518. 6
(b) "Nonguidepost" costs-----	71. 4
(c) Legislative employees-----	2. 2
(d) Judicial employees-----	1. 4
2. Administration guidepost costs (excluding legislative and judicial employees)-----	485. 0
3. Postal share, H.R. 14122:	
(a) Salary increases, postal field service only-----	131. 8
(b) Seniority adjustments-----	4. 0
(c) Uniform allowances-----	<sup>1</sup> 5. 3
(d) Special delivery mileage allowance-----	0. 3
(e) Overtime for supervisors-----	15. 0
(f) Health insurance-----	10. 1
(g) Transferred employees-----	. 5
Total-----	167. 0

<sup>1</sup> Revision of earlier estimate of \$6,600,000.

Mr. MURPHY. I may say we have included on the last page a very brief rundown of the cost, first, as taken from the House committee report and second, as the administration computes the guideposts cost and third, we broke out the cost as recommended to the post office service and costed up the items reflected in our budget.

I want to call attention to one item because this represents a change, the item for uniform allowances which we placed in at 5.3, from the original figure in the House report which was furnished by our Bureau of Finance, I might say when I testified before the House committee we really did not have time to get the figure worked out the way we would like to have it.

The figure is 5.3. It said 6.6 in the House report. This is the postal share of the increase. I did not have figures available as to what the other Federal agencies would be. The language applies not to just the postal, you have parks, customs, GSA, and many other employees affected by the mandatory increases under this bill.

The 5.3 is the postal cost but it would be greater for the Government as a whole.

The CHAIRMAN. Thank you.

I understand this amount of 5.3 on uniform allowance was in the postal budget due to the authorization last year for the \$25 increase in the maximum uniform allowance. It is my understanding and information that the Post Office just sat on that. Since October,



somebody has been twiddling their thumbs and no uniform allowances have been made and the House, in desperation, has written into this bill another formula to see that some action is obtained.

I am not a bit impressed by making this a negotiable matter between the unions and management. Everyone is familiar with the market on clothes and knows it has gone up. Shoes and everything one wears has increased in price.

In spite of the bill passed last year \$100 is still the maximum amount allowed. I just feel that you can't charge the item twice in your bookkeeping. It is already in your budget, it has already been provided for by the House Appropriations Committee.

Mr. MURPHY. I must take exception to your remark that we sat on our hands since October of last year. We have not done that. As a matter of fact we have expressed immediately to our employee unions that this would be a matter for negotiation when they were open. It was envisioned to open negotiations in October last year, but we agreed mutually to extend the negotiations for 6 months.

During that time we have had extensive discussions with the uniform manufacturing industry as well as with the postal employee unions too on the possibility of changing the uniform allowance.

There should be a change in the allowance. We intend to see the employees get the maximum amount for uniforms and try to save the taxpayers' money where justified. We indicated we felt some increase was necessary. But the increase was not mandatory.

A considerable number of employees do not get the maximum now. We have a number of \$40 employees, clerks, for example, a number of employees getting under a hundred dollars. We did not sit on our hands we explored every possibility for getting a good system to return the maximum amount of benefit to the employees.

So we have clearly expressed the desire to the Post Office employees to give some increase in allowance. I personally think a new employee needs the maximum amount for the first year or two. That is when when the expenses are the greatest and a hundred dollars is not adequate for a new employee in the beginning.

I do believe a hundred dollars is adequate, and most uniform manufacturers would agree it is appropriate once the outfitting is underway.

The Postmaster General could set any amount he wants under the law. He does not have to consult or negotiate with unions, but our policy in the Department is when we have something in our discretion we want to negotiate it with the unions. That is good labor relations. For those reasons we feel it is the Postmaster General who is most in the position to be able to say whether or not these prices are reasonable, to know whether or not there is a need through working in this area with employee groups.

As to the money we put in the budget we asked in our original budget for 5.1, I think that is the figure we asked for but additional employees have come on the rolls since then and now the figure is 5.3.

We asked for 5.1 and the money has not been voted, authorized, or spent. We certainly would hope we would not be liable for the full \$5.1 million but with good negotiation and agreements that would be less than \$5.1 million.

The CHAIRMAN. You have \$5.3 million charged here to uniform allowances. You have 5.1 charged to you in the appropriations bill that has passed the House and is now being heard by the Senate.

So you have an overpricing of \$5 million plus, it is not going to cost \$10 million to make this allowance.

Mr. MURPHY. That is right, and I hope we are not charging twice.

The CHAIRMAN. When you put the cost of this bill at \$167 million you are carrying an item already provided for last year, so you are duplicating a bill of \$5 million.

Mr. MURPHY. We don't have the money, we did in good faith——

The CHAIRMAN. You are charging that against the guideposts and it was charged last year against the guidepost.

Mr. MURPHY. No sir, the guidepost last year was 3.2 and the pay increase by the Congress was 3.6.

The CHAIRMAN. Uniform allowance was a guidepost allowance last year.

Mr. MURPHY. I think we did not include it last year.

The CHAIRMAN. Let's be sure. It is my understanding and the understanding of this committee that it was a guidepost item. I don't like bookkeeping that puts it in a second time.

Mr. MURPHY. I stand to be corrected. I believe last year it was a fringe benefit item and we did not have fringes included in guidepost last year. The pay increase by the Congress was 3.6. I don't believe this was a guidepost item. We had to reflect——

The CHAIRMAN. You look it up and report back in a letter to the committee. There is no use taking the committee's time with something you are not certain of.

Mr. MURPHY. Yes, sir.

The CHAIRMAN. The 5.3 was charged as a part of the package last year, 5.1 is now requested by the Post Office Department, approved by the Bureau of the Budget, appropriated by the House of Representatives and now undergoing appropriations processes in the Senate.

You have a double item cost charged here and either one or the other should not be charged. You have a \$5 million saving if you don't use this appropriation that is now going through. You are putting a 5.3 million figure into a figure of \$167 million of which the same 5 million was appropriated and authorized last year.

Mr. MURPHY. The only thing we are trying to do is say the total cost of the Department was raised by \$5.3 million if this item is made mandatory on the Department by the bill.

To the extent we may negotiate something less with the unions, that will be the cost to the Department.

If there is confusion and I am causing it, I apologize. I don't mean to do so.

We are not now spending the money but are asking in good faith for money that we would have available to negotiate with the unions. Only when we actually begin to spend it do we think it should be charged against us.

I understand your point: you don't want \$10 million charged on a \$5 million item.

The CHAIRMAN. A double charge, \$5 million last year and \$5 million this year, when only one of them is being contemplated.

The cost last year was \$5 million, and since it has been authorized and appropriated it should not be charged again.

What is the date of comparability you used?



Mr. MURPHY. The reference point would be March of 1965; that is when the actual statistics were gathered. The material was not made available until November of 1965. As of now we are talking of figures 1 year old.

The CHAIRMAN. Do you think it is so right to emphasize on the full comparability in the lower grades? Their comparability is already a year old, and certainly it has been moving up at a rate of about  $2\frac{1}{2}$  or 3 percent a year.

Mr. MURPHY. About 3 percent a year.

The CHAIRMAN. So they are lagging 3 percent behind. Those receiving the smallest amount of pay in the bill are nearest to comparability, but they have less money to meet this lag. So, if the Congress has to trim anywhere or delay full comparability, isn't it better to provide for full comparability in the very lowest bracket, while hoping we will reach a time when we can bring up the higher grades?

Mr. MURPHY. I am strongly in favor of getting to full comparability for everyone as fast as possible. I believe we are closer to comparability, in the first grades, first four grades than any other.

The CHAIRMAN. Wait a minute. If we are a year behind, we are not at comparability in the lower grades.

Mr. MURPHY. We are not at comparability in any.

The CHAIRMAN. I asked on the lower grades.

Mr. MURPHY. No.

The CHAIRMAN. You are not at comparability in the higher grades?

Mr. MURPHY. No.

The CHAIRMAN. You are nearer in the lower grades. Your statistics which show comparability are not exact because of the year timelag.

Mr. MURPHY. This is a time lag in the entire system, I deplore it and wish we could find a way to straighten that out. I do believe, however, that we have a severe problem in the middle and upper grades up to grade 15 and in the past these are the grades receiving a smaller percent of increase. There their situation has not been improved since 1962; that is why up to this time, to hold our ground, we are advocating a slightly higher percent increase in the middle and upper grades.

I am fully sympathetic with the lower grades, but I am saying we fall further behind with across-the-board increases.

The CHAIRMAN. According to your table on page 4A there is no one in the postal service that is getting above 100 percent of comparability on a 1965 percent basis.

Mr. MURPHY. That is right.

The CHAIRMAN. We are not overpaying anyone. We are underpaying.

Mr. MURPHY. We have never overpaid anybody in the postal service.

The CHAIRMAN. We are underpaying those in the higher brackets.

Mr. MURPHY. Yes.

The CHAIRMAN. PSF-15 at \$15,395 will receive the percentage of 2.85 on \$15,000. The employee at \$4,590 in PFS-1 will receive 2.85 on what is approximately one-fourth of that amount.

Mr. MURPHY. That is right.

The CHAIRMAN. And the cost-of-living pinch goes on and it is heavier on the lower paid man than the man paid \$15,000 a year because groceries have gone up as well as apparel and other things.

Mr. MURPHY. That is right. Of course comparability reflects not only increases in cost of living but increases in wages, we are talking of wages. Increase of wages compared to 4 years ago. That is what we are talking about. Unless we make increases at a higher rate somewhere along the line we are going to fall further behind.

Congress made 18 percent pay increases since 1962; you have done a wonderful job, but the people in the middle and upper grades are further behind than the lower grades.

The CHAIRMAN. That is true, and nobody regrets it more than this committee, but we can't do it all in one year, particularly this year.

What percent of your employees will receive 100 percent of comparability based on last March's figures?

Mr. MURPHY. Slightly over 85 percent.

The CHAIRMAN. About 15 percent will be behind?

Mr. MURPHY. Yes, sir.

Mr. SIMPSON. Did you mean last March or a year ago?

The CHAIRMAN. A year ago.

Mr. MURPHY. March of 1965, Senator Simpson.

The CHAIRMAN. On your overtime, you are opposed to the House provision, are you not?

Mr. MURPHY. Yes.

The CHAIRMAN. Don't some supervisors getting overtime pay draw more than the higher-paid supervisors?

Mr. MURPHY. It is possible to do that because we do provide according to the bill passed last year, pay through PFS level 7, through the top of 7, the firstline supervisors are the majority of supervisors.

The CHAIRMAN. This would take it up to 10?

Mr. MURPHY. Yes, sir, and we think this is going beyond private industry practices. We think, in a year when we are trying to get as much as we can in 3.2, providing this is not commensurate with the cost this year. We are not totally opposed forever, we are saying at this time reflecting against the current industry practice and in a year when we are having to get under 3.2 on everything, 15 million is not justified.

The CHAIRMAN. As a general rule these people will work probably overtime hours?

Mr. MURPHY. Yes, sir.

The CHAIRMAN. Because they are in a higher pay scale they are cut off from what a level 7 supervisor gets?

Mr. MURPHY. Yes, sir.

The CHAIRMAN. What do they get?

Mr. MURPHY. Under the current law the Postmaster General has the discretion to provide cash or compensatory time. During Christmas, as I indicated, the Postmaster General provided cash for supervisors.

The CHAIRMAN. Up to 10?

Mr. MURPHY. I think it was through 14, up to 15. So we went pretty far at Christmastime. The Postmaster General can do this in situations in the future.

We should retain that discretion, if possible. I think under certain circumstances, it is justified. It goes beyond industry practices to



say people at PFS level 10 should get cash only. Some higher level supervisors have responsibilities which require working overtime and all of us work a lot of overtime on which we are not fully compensated on that basis.

The CHAIRMAN. Evidence has been presented to the committee which indicates supervisors in big cities are working an average of 11 days out of each 14 days in a biweekly pay period, this means they are not getting a day off every other week and being able to use compensatory time, how can we justify continuing this practice?

Mr. MURPHY. I am not aware of where supervisors have actually lost comp time.

I think the rule says within 30 days. However, we have been very liberal about allowing an accumulation and when we hit a slack period this compensatory time is granted. I don't think any supervisor lost any compensatory time he had coming to him and we would try to rectify any case where that was brought to our attention.

But when you have a surge of mail, over 5-percent increase, we have had people working overtime, supervisors and rank and file. We tried to add new employees to take care of the increase in mail. We added 60,000 in 4 months.

The CHAIRMAN. You can't add supervisors.

Mr. MURPHY. You have to wait for them to get promoted. And training on the job, we want to be fair to these men and it seems the responsibilities for getting mail moving depends very heavily on the supervisor and it does not cut off automatically. These other men are being allowed to get compensatory time but it is at the convenience of the Post Office Department.

Until last year grade 7 was not included, the committee acted wisely in including grade 7 last year. They are seeking now to include up to grade 10, but at this time in view of what has happened in private industry, in light of the guidelines we think the benefit achieved is not worth \$15 million.

The CHAIRMAN. How high up do your supervisor grades go?

Mr. MURPHY. As high as level 20, the regional director, is at 20, deputy director 19.

The CHAIRMAN. I mean your supervisors?

Mr. MURPHY. Grade 17.

The CHAIRMAN. That would be in the biggest post office?

Mr. MURPHY. Yes, sir. Of course, this would also apply in the regional office. That is why I say taking off the limitation applies not just in the post office but regional officials at grades 16, 17, 18, and some in 19 would receive overtime payments.

The CHAIRMAN. As I understand it about 30,000 senior postal employees, retired last December, taking advantage of the retirement annuities increase.

What experience has the Department had, particularly in large urban areas in recruiting qualified people to fill these vacancies?

Mr. MURPHY. I think we had about 11,000 who took advantage of the Daniels' bill during October, November, and December. This was way higher than any previous retirement we had. I think for the postal service it was 11,000. This meant a lot more pressure was placed on the postal service. The majority of these were highly qualified distribution clerks and senior supervisors that retired. The Department by and large does not have a recruitment problem on a nationwide basis.

We have a problem in certain cities, I think four or five cities, primarily. Chicago certainly would head the list. Detroit would be high on the list. San Francisco would be high on the list and I would add Atlanta and probably Washington. In these cities this changes from month to month and the offices not reporting a recruitment problem a month ago may be reporting a problem now.

Offices which were reporting a problem may be current now. The last tally 2 months ago, pardon me, a month ago, indicated five cities with a problem on career employees. There is a problem for temporary employees. For temporary employees there is a recruitment problem nationwide.

That is because with the job market being at the lowest point in many years, people do not want to take temporary employment when permanent employees are available. So quite obviously, for temporaries there is a recruitment problem.

The CHAIRMAN. Can you briefly indicate the steps which the Department has taken to carry out the provisions in the 1965 pay act providing for a basic Monday-through-Friday workweek for regular postal employees; for paying a 25-percent premium for Sunday work, and for giving senior employees preference for selection of the basic workweek?

Mr. MURPHY. That is one of the most complicated pieces of legislation I think we have ever been handed to work out administratively. We have negotiated and I mean worked very closely with our employee unions for 5 months trying to come up with a system, that would, 1, be as mutually acceptable and agreeable as possible; 2, keeping in mind that there was a wide divergence in point of view on the interpretation of this law with respect to our clerks and carriers.

Generally speaking, the carriers wanted the minimum amount of change possible to be made, and generally the clerks wanted a much more sweeping change made in the office. Three, we had to be certain if we were to be subsequently challenged in court that it was not just agreeable to Dick Murphy, Keating, Hallbeck, and O'Brien, but that was agreeable with the lawyers as a defensible position.

This is a very difficult situation to work out. By and large we worked out an arrangement: We confined the bidding on the Monday-through-Friday workweek to multiple routes. In the clerical schedule the Monday-through-Friday work assignments are much more sweeping than in the carrier craft.

Because it is so highly complex and technical in nature, with your permission I would like for us to have John Swygert comment a little more in detail as to how this has been worked out.

Mr. SWYGERT. On March 4, after the period of negotiations that Mr. Murphy referred to we issued the instructions to the field.

These instructions were in the form of a special postal bulletin, one set of regulations covered five crafts, the clerical, the special delivery, the motor vehicle, and the maintenance craft. The next set of discussions covered the letter carrier and the third set of instructions carried the instructions for the supervisory and technical posts in the field.

All these were included in that March 4 postal bulletin and they indicated the agreements reached with those crafts on the implementation and seniority as applied to that section of the law last year



and frankly, a great deal of progress has been made since March 4 in implementing this in the field.

I would say more progress has been made in the carrier craft and we have now agreed with that craft that the cutoff on this one-time bidding under Public Law 89-301 will be made this year.

It is a little more difficult than the clerical craft and the cutoff on this one-time bidding is going to be larger on that one craft. The Post Office Department discussed this bidding at the local level. This has been done and in many cases it has been completed and in the smaller and larger offices the actual bidding procedure is underway now.

Mr. MURPHY. One of the things complicating this now has been the fact that seniority in the post office is determined by mutual agreement within the post office on a local basis and it varies from craft to craft and in many cases seniority is citywide, in others it is on a unit or section basis, others it is on a station basis.

These work assignments Monday through Friday should be posted. Are you going to do it for a station as a whole, or the city as a whole. We have tried to say when they—when these agreements are in effect in an office we want them to be disturbed as little as possible.

The CHAIRMAN. Senator Yarborough.

Senator YARBOROUGH. Mr. Chairman, I will ask Mr. Murphy whether he will be back after the postal unions have testified?

Mr. MURPHY. I will be happy to come.

Senator YARBOROUGH. I will have some questions after I have heard the employees organizations.

Mr. MURPHY. I will be available at the committee's discretion.

Senator YARBOROUGH. You have a postal budget of over \$5 million. There are many small things in the Postal Department that have led to many complaints about the Department. In the appropriations bill, the House just recently refused to appropriate \$15 million to open the money order windows in some 15,000 post offices on Saturday.

They refused to appropriate money to restore the Saturday parcel post delivery in the cities. I think these are essential services.

There is no prohibition on the Post Office Department instituting those now if they had the money available, if they had transferability of funds that they had in past years to transfer that out of other appropriations.

Mr. MURPHY. It would be prohibited unless the language of the House committee report is removed.

Senator YARBOROUGH. I know the House committee for the first time this year would really prevent the transferability of funds. Year before last 5 percent could be transferred and last year two and a half percent.

Mr. MURPHY. Yes, sir.

Senator YARBOROUGH. This year the House would prohibit any transfer of funds. I am glad to see you have \$300,000 for special delivery service. I know that would increase the mileage allowance of the special delivery carriers from 7 cents to 10 cents and their minimum compensation from 90 cents per hour to a dollar and a quarter an hour.

Will this call for an increase in the amount of the special delivery charge from 30 cents to a higher amount?

Mr. MURPHY. I think this would not solve all the problems in special delivery; we are working on our problems there very strongly, however, we would support this matter as a matter of equity.

This is a small item in the overall cost of the bill. It would be a guideline item but it is very small. The department would certainly go along with that.

Incidentally I might add to your previous comment, one thing I would like to say is the House committee also deleted \$2,004,000 for absolutely basic and essential supervisory training for postmasters and supervisors in grievances and disciplinary procedures, methods of dealing with unions which we think is absolutely indispensable to the Department and if that language stands the Department will not be able to spend one solitary dime on the matters I have just discussed for the postmasters, and even to brief them on what we have just negotiated.

We do not think that is a money-saving device.

Senator YARBOROUGH. First we have to set up the laws here and then get the Appropriations Committee to give us money to carry them out. I am hoping we can get those appropriations restored to give the people window service and parcel post delivery on Saturdays.

Small companies are the ones that complain; if it is a big company they have their trucks; but if the small business can't get delivery it is hurting them; I think they are hurt most. If we don't get the specific money but get the specific authority, I am hoping it can be shaved off other places to restore these services.

I think it was a great mistake to cut them down. It will take time for you people to build back to service we once had. These are the little things, the total cost, \$300,000 here, \$15 million there.

The postal employees are complaining all over the country, all over the United States. What is generally talked about among people is the climate of the postal service. What is the chief thing, the pay rate of the employees, the big increase in volume of mail, transition of rail transportation to air and truck transportation? What is the cause of the vast volume of complaints on the slowdown of mail service?

Mr. MURPHY. I think there are many.

Senator YARBOROUGH. Is there a decline in morale of postal employees?

Mr. MURPHY. No. I don't think complaints are attributable to increased pay rates, as Senator Monroney points out our people are not overpaid.

Senator YARBOROUGH. People don't work less for more pay; is it the fact the pay rate is not high enough?

Mr. MURPHY. I think it ought to be higher, that is what we are supporting today. First you are correct in saying we probably receive more complaints about the cutback in window service which costs roughly \$7 million, more complaints about that than anything I have seen in the years I have been in the Post Office.

Senator YARBOROUGH. I think justifiably so.

Mr. MURPHY. The Postmaster General could not agree more and the Post Office Department is appealing the full amount of that \$15 million cut.

Senator YARBOROUGH. Did the Congress tell you to close those windows?



Mr. MURPHY. No, sir.

Senator YARBOROUGH. You had transferability of funds, you could have transferred funds to keep the windows open?

Mr. MURPHY. We did not have money available, we had transfer authority but not money. Therefore, the action was taken as a moneysaving measure with the understanding as soon as we got out of our problems we would reinstate the service.

The newspapers complaints show this is service clearly desired by the public and we ought to have it. Another reason for some of the problems is the decline in train service. Many of the trains are running late quite frequently. In addition, we have had tremendous problems very recently due to increased mail volume, due to increased mushrooming of mail volume running way in excess of any forecast we made.

In addition we have inadequate facilities in most of our large cities. There had not been a major new post office in New York City, until recently, in 29 years, in the largest city in the country.

This is repeated in major cities throughout the country. All these things are reasons we are having problems. We are not the only ones. Other countries are, too. I read about Argentina, and Great Britain had comments in Parliament about difficulties there.

Every major country is experiencing an explosion of mail.

Also, we have been under stringent manpower limitations. We have had a fantastic amount of use of overtime in the Post Office service, which is inefficient operation. You can't work people 70 and 75 hours a week and expect them to be at the same efficiency as a man at a 40 or 45 hour a week job.

I think all these reasons combined indicate why we have problems. We are working hard to eliminate them. It indicates the need for the ZIP code and the new sectional center concept.

Senator YARBOROUGH. Many employees tell me in the last 7, 8, or 9 years there has been a great decline in morale of the Post Office Department. It is not because they are paid too much. My next question: If there has been a decline, what relationship does it have to the present comparability standards?

Are these comparability standards realistic? Are we comparing postal service to the right fields of employment to get what you call comparability?

Mr. MURPHY. I would be shocked if anyone could show me if there has been a decline in morale among postal workers.

Senator YARBOROUGH. I am not trying to prove that, I am merely telling you what postal employees have told me.

Mr. MURPHY. Yes, sir, and I want to tell you why I think that is wrong. There has been an increase in schedule of salaries since 1962 to 1965, the largest increase that I can recall in the postal service. We never were near comparability until 1962, so I think that would be wrong.

No. 2, we had the greatest recognition, union recognition, of employees that ever occurred in the history of the postal service. I can't conceive how they could be given more recognition or brought more into the management processes, more into the negotiations.

We are the only department in the Government that ever negotiated two national contracts and are in the process now of negotiating the third.

Senator YARBOROUGH. I commend you for that progress, I supported all that legislation and was coauthor on some of the legislation.

Mr. MURPHY. You were one of the pioneers.

Senator YARBOROUGH. I think the salary increases made great progress, particularly in the postal service. This is a prelude to my other question, are we comparing postal salaries with the proper levels of other endeavor to get the employees to comparability?

Mr. MURPHY. If you recall last year we recommended to the Congress that there be a comprehensive study done of the comparability system every 4 years. The nature of jobs change, the nature of private industry; we should take a careful look every 4 years.

We recommended there should be a commission, et cetera. Congress did not enact that law but we hope at some point Congress may look on it more favorably. Therefore we have no objection to Congress having an exhaustive look at this comparability process this year or next year.

Right now the letter carrier, GS level 4 is equated with PFS-5. Now PFS-5 contrary to some stories I have heard, does not relate to jobs in which women are dominant. Jobs surveyed in grade 5 relate to the junior level of the professional grades, the entrance grades to professional level, chemists, job analysts, these are the jobs surveyed by the BLS in order to get a linkage with grade 5.

Senator YARBOROUGH. Are the majority men?

Mr. MURPHY. Yes; the majority of people in grade 5 in the postal service and the majority in the jobs surveyed in the private sector are not females.

Senator YARBOROUGH. So comparing PFS level 4 with GS-5 is fair?

Mr. MURPHY. It would be the entrance level of the professional grades. The big difference occurs if the postal employee stays at his level; 85 percent stay at that level the rest of their life. That is why we provided 12 increases in order to try to take care of the problem as much as possible. When the professionals come in they go to higher levels.

Senator YARBOROUGH. They called those step levels fogies in the military but you did not get them every year.

Mr. MURPHY. We recognize that problem. I think one of the biggest problems is because we have so many employees at one level. That is why we are trying to find higher level jobs, technician and clerical jobs, to give people some hope of promotion.

To get back to your basic point we are criticized by job analysts and there has been disagreement in the past in the executive branch over where linkage should occur between Government workers.

Senator YARBOROUGH. I would defer any other questions until after the employee organizations testify.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. I followed your statement very closely and I think you analyzed the House bill very accurately. As I listened to your testimony I tried to find some place where you were in favor of the House bill; you are opposed to almost every provision?

Mr. MURPHY. No, sir; it contains many provisions I think are very good, base pay, recommendations from the President's Cabinet committee, the health benefits increase.

There are really only three major provisions I would oppose and that would be the junior-senior adjustment and overtime for supervisors at this time and, third, is making uniform increases mandatory.



We are in favor of some increase even there. I don't want to make it mandatory if I can avoid it.

We would like to have the provision of management option of retirement at 55 after 30 years' service.

Senator CARLSON. Do I understand you approve the total cost?

Mr. MURPHY. No; we would like it pared down to the President's guideline figure, if possible. I provided in the back of my testimony a rundown of the postal service cost, we would like to get it down to the figure that the President originally had. As you can see the total cost of the bill as computed by the House is \$593 million, the total cost appropriate to the guideline is \$485 million.

We would like to get it to that figure.

Senator CARLSON. Are you not opposed to the across-the-board increases in the House bill?

Mr. MURPHY. Yes, sir, but not to the total amount. We would be opposed to making it across the board, we would like a graduated increase.

Senator CARLSON. You propose an increase of 1 percent up to about 4½ percent?

Mr. MURPHY. For the postal field service it would be a minimum of 2 percent, GS-1 is 1 percent up to 4.5 percent; that is correct.

Senator CARLSON. Last year we enacted a pay increase of 3.6?

Mr. MURPHY. Yes, sir.

Senator CARLSON. The problem in the committee is when you come in with these small amounts, 1 and 2 percent, as the chairman brought out, practically no increase in the lower sections of the field employees, makes it most difficult to break out a dollar or 2 or 5 or 10. It is most difficult.

I assume that is one of the reasons the House did it. I want to assure you as a member of the committee it is going to be very difficult for one member not to vote for across the board. I think you have stated comparability is lacking in upper grades but these pay increases that have taken place since March 1965 to the present day have amounted to very little in the lower grades and I can't support the recommendation of the Department with respect to lower brackets.

I frankly can't do it. You are opposed to across-the-board pay increases; Are you for health benefits.

Mr. MURPHY. Yes; the House approved the recommendation but speeded it up into one phase instead of two and we would like two phases.

Senator CARLSON. You are opposed to the seniority adjustment?

Mr. MURPHY. Yes; this is not a big item, in terms of need, in terms of what the Department would gain by doing this and the worst part is its prospective for the future.

The amount would be less than \$4 million depending on what adjustment is needed.

Senator CARLSON. Regarding this junior-senior inequity, the \$4 million estimate given last year was too high since many of these employees retired or reached the top level of their grade and are no longer qualified for this.

Mr. MURPHY. I don't think so. It happens any time an employee junior to a senior goes to level 7 by a different route [than going directly.

By the time he gets to 7 he may be way over this guy here who went directly to 7 with one increase. I don't believe the cost would be less.

Senator CARLSON. You really believe \$4 million—

Mr. MURPHY. To the best of my knowledge. I am not an expert on cost. I am sure they have been very conscientious in the finance department.

Senator CARLSON. You are opposed to the section dealing with uniform allowances?

Mr. MURPHY. I am opposed to making it mandatory. I indicated I approve getting it for the new employee. I don't think we ought to make it for everybody every year because the amount now provided for maintenance I think what I have shown, by and large, the amount is pretty good.

On the other hand there is a clear need for the new employee. I think we should give that as a matter of negotiations, we are in the process of negotiation and I hope we can work it out.

Senator CARLSON. About the special delivery mileage section?

Mr. MURPHY. We go along with that.

Senator CARLSON. The section dealing with overtime for postal supervisors?

Mr. MURPHY. We would be opposed at this time because we feel it is more liberal than industry practice as a whole. I emphasize at some time in future years, I may not be around but someone might want to appear from the Department and support this.

Senator CARLSON. Regarding overtime, is it not true if this bill is passed making mandatory the payment of overtime in levels 8 through 10, by rescheduling the employees at lower levels you can avoid some of the cost?

Mr. MURPHY. Any time you provide a mandatory premium you provide them a way of doing a better job in management, of finding somebody else to do that job without paying premium compensation.

It is a mixed blessing. We found that out with our substitutes. We were deluged with protests when we put this in effect. Some people found their work cut down and their take-home pay was less.

I think it was a good principle, but it is not an unmixed blessing. I think there would be some incentive on the part of management to do rescheduling but we figured out how many employees were in these levels, and calculated our estimate on the basis of that. That is the best estimate I can give you.

Senator CARLSON. In the bill there is an item of \$15 million for overtime for postal supervisors in an item of \$15 million for classified overtime. Are you opposed to both provisions?

Mr. MURPHY. No, sir; I think Chairman Macy said yesterday that he would go along to extending certain benefits to the GS-10 category, the rest of the Federal overtime provisions that were extended by the committee to the postal workers, last year, therefore the administration would not oppose that.

We object only to the postal overtime because once again it goes beyond the prevailing practice. The \$15 million is not commensurate.

Senator CARLSON. As I remember last year the overtime on those levels 8 through 10 was \$500,000.

Mr. MURPHY. I think that was holiday only. I will be happy to check that out.



Senator CARLSON. I would like to have the record show a breakdown of this \$15 million.

Mr. MURPHY. We will be happy to provide that.

Senator CARLSON. We get to the Sunday premium section of the House bill; are you opposed?

Mr. MURPHY. No, that was voted for postal workers last year, that was a premium. We do not object.

Senator CARLSON. One rather important section of the bill deals with retirements 55/20 and 60/30. I understand you are in favor of that?

Mr. MURPHY. Yes.

Senator CARLSON. What about the section dealing with widows remarrying?

Mr. MURPHY. I would favor that. The question is you have to make a decision as to what is most important.

There were a number of recommendations included in the President's report to the Congress. We could not enact all the recommendations this year. The cost would have gone up so we had to make a choice. Frankly the President chose those he thought were most important; namely, social security minimum and transfer of credits, it is for the short-term employee, the highest risk of employees.

We felt that was the most important part, and the House did not feel these were the priority provisions. They gave preference to widows and students, and I would not oppose the widows and students provisions. The question is are there other provisions more desirable this year?

Senator CARLSON. In other words, the House put them in and you would be happy if the Senate committee took them out, is that it?

Mr. MURPHY. We think these are desirable benefits and in terms of equity can be justified, but we must all make up unhappy choices.

Senator CARLSON. I would agree I think they are very important, and I hope they retain them, but there again we will have to consider that when we get into executive session. The increased agency contributions was not included in the House bill.

Mr. MURPHY. That is correct.

Senator CARLSON. The social security transfer of credits, are you opposed to that, it is not included, but are you opposed?

Mr. MURPHY. I am in favor of that; that is not in the House bill, but we certainly would favor that. That was in the recommendation.

Senator CARLSON. We get to the section dealing with recomputation of annuities what is your position on that?

Mr. MURPHY. I am not the final authority on that section; however, the administration does oppose that. Mr. Macy, I believe, indicated yesterday that the administration is opposed on the grounds practically all the benefits being recommended in the President's recommendations are prospective in their application.

This feature goes in the face of that. This feature goes back and actually recomputes what the formula is and we feel this is a costly matter and establishes an unfavorable precedent.

Senator CARLSON. The gross total cost of the bill would run \$590 million?

Mr. MURPHY. \$593.6 million, I believe, is the figure?

Senator CARLSON. What would be the maximum figure approved by the department?

Mr. MURPHY. The Government as a whole would be \$485 million the President set aside.

Senator CARLSON. \$485 million, in other words, we have to cut back \$105 million to \$480—\$490 million?

Mr. MURPHY. It is a difficult job.

Senator CARLSON. It is difficult and for one member. It will be difficult to back some of the House figures.

That is all.

The CHAIRMAN. We have the adjusted cost from the House report of \$593 million and eliminating the nonguidepost items a differential of \$33.6 million above the President's allowance.

Mr. MURPHY. Yes, sir. I think that would be correct that would be the total. The reason they get that, they take out, I believe—Mr. Schultze would be the expert on this or Mr. Macy—they take out the amount of money for the overtime, the Class Act, and the Sunday premium. I think that is how they get down to the \$33 million difference.

The CHAIRMAN. The President wants to stay within the guidepost and if you eliminate nonguidepost items you would have a differential of \$33.6 million.

Mr. MURPHY. That is right.

The CHAIRMAN. Thank you, sir.

Mr. Burdick.

Mr. BURDICK. I defer.

The CHAIRMAN. Senator Fong.

Senator FONG. I would like to ask you something about the figures which were passed by the House on this bill. The House passed a total cost bill of \$593.6 million; is that right?

Mr. MURPHY. Yes.

Senator FONG. The administration guideposts were \$485 million, a difference of \$108 million?

Mr. MURPHY. That is right.

Senator FONG. Does the administration feel that figure above \$485 million would be inflationary?

Mr. MURPHY. Mr. Schultze is really the final authority on what is included in the guidepost and not within the guidepost. My understanding is the way they arrive at the \$33 million being the difference is to subtract the cost of the Sunday premium and the overtime provisions applying to the class act which Mr. Macy said he would accept as a matter of equity, because they were voted last year. I think that is on top of the amount included in the guidelines.

I believe I am correct, but I am not the final authority; Mr. Schultze would be.

Senator FONG. The administration advocated a 2.87-increase overall. That is the average overall pay systems.

Mr. MURPHY. Yes.

Senator FONG. The House bill advocates 2.9?

Mr. MURPHY. Yes.

Senator FONG. This would give to the first four postal grades a comparability of 100 percent and about 100.7 percent on a PFS-1 on the H.R. 14122, and 100.5 percent on PFS-4 on the House bill?

Mr. MURPHY. I think that is close.

Senator FONG. We advocated 100 percent comparability for the first four grades and the administration took the figures of March 1965; is that right?



Mr. MURPHY. Yes.

Senator FONG. From 1965 to 1966 there is a period of 1 year that has elapsed?

Mr. MURPHY. Yes, sir.

Senator FONG. Therefore we do not have comparability, because wages have increased in the private sector?

Mr. MURPHY. There is a lag of 1 year.

Senator FONG. Would you say the figures passed by the House, H.R. 14122, relating to PFS-4 gives them a comparability of a little over 100 percent; would that be below the comparability of the private sector at this time or would that be in the excess?

Mr. MURPHY. I can't answer because I don't have the figures as to what is happening in the private sector at the current time. Based on trends the average increase runs, as the Senator pointed out, from 2.8 to 2.9 a year.

Senator FONG. Under the figures pointed out by the chairman, the comparability under the first four grades under H.R. 14122 would still be less than that of industry.

Mr. MURPHY. I would have to guess. I can only say on the latest available data we have what the President recommends would bring 100 percent of comparability.

Senator FONG. The President recommended 100-percent comparability on the first four grades based on the figures of 1965 and he asked that comparability be increased by one-third for all the other grades?

Mr. MURPHY. The overall difference of the grades above that, if you take the overall difference and average it out, the amount of increase the President has recommended would go one-third of the way toward cutting down the gap that exists above grade 4.

Senator FONG. Under the philosophy of the administration bill we are trying to gain comparability?

Mr. MURPHY. Trying to go as fast as we can go with due consideration to Vietnam, the budget, and everything else.

Senator FONG. Last year when we gave an increase of 3.6 percent, we did violence to the comparability.

Mr. MURPHY. We fell further behind. It is like a treadmill, you have to run faster to stay ahead. What happens, the percentage increase for the upper administrative and professional rates is a higher amount than for the lower, if we are going to maintain comparability we have to have higher increases.

Senator FONG. Has what the House has done made it more violent?

Mr. MURPHY. They insisted on terms of money in the pocket of every individual. They, nevertheless, comparabilitywise, have put people further behind in the middle and upper grades.

Senator FONG. Eighty-five percent of the employees in postal field service have obtained some degree of comparability?

Mr. MURPHY. Yes.

Senator FONG. For the other 90,000—15 percent of 600,000—we do not have comparability?

Mr. MURPHY. That is right.

Senator FONG. Those in the higher grades are 10 percent away from comparability?

Mr. MURPHY. That is right, it goes down starting at PFS-5 and falls to 86.8 at PFS-20.

Senator FONG. The administration did propose that increase be set up so we would be on comparability instead of behind with industry in 1 year?

Mr. MURPHY. Yes, the President recommended a complete review of all comparability processes by a high-level commission, and, second, in between that the salary adjustments be made semiautomatically subject to veto.

Senator FONG. That would be taking away the powers from Congress except by veto?

Mr. MURPHY. Except by veto, you would have hearings and what have you but the initiative would be with the President.

Senator FONG. How many months would you be away from comparability from private industry?

Mr. MURPHY. We would think that would cut it down; the reference point is February-March. Actually some figures are collected in March—I think they still collect figures in June—the average is about March. We don't actually get the figures from the BLS until November.

Then we have to make recommendations to the President, have consultations, the President has to make recommendations to Congress, put it in the budget, then we have to have hearings.

By the time it is enacted and by the time it is effective it is January of next year. We would hope under the semiautomatic system proposed by the President that could go into effect 60 days after the President sends his message then. Maybe we could have it by the first part of April that they would go in effect, we could cut it down 9 months.

Senator FONG. If the President does not want to give Congress that power we are going to be behind?

Mr. MURPHY. I admit the problem is there, I hope we continue to do something to correct the timelag.

Senator FONG. I agree as long as we will not forgo some of our powers the comparability will lag.

This magic figure of 2.85 percent which has been given to us by the administration, why is it that we should be within that figure of 2.85 increase? Why can't we be going up more?

Mr. MURPHY. 3.2 is your reference point, there are many reasons for that. The principal concern of the President and everybody else I am sure is the question of trying to prevent inflation in the country. We are trying to do this without the necessity of resorting to price and wage control which nobody wants to go through.

Therefore start with 3.2. You have some fringe benefits you want to put in this bill, which we think are long overdue. We have taken out the fringe benefits we think most important, and deducted whatever the cost would be. That brought us down to 2.87 that was all that was left to move toward comparability.

We moved as fast toward comparability in all the grades as we could—within the guidepost figure and at the same time trying to give a little higher increase to the middle and upper grades.

On the basis of the chart on page 7, a hundred percent in the first four levels and descending rates thereafter.

Senator FONG. Do we follow the same action we did last year across the board?

Mr. MURPHY. We would be worse off.



Senator FONG. Thank you.

The CHAIRMAN. Senator Simpson.

Senator SIMPSON. I want to associate myself with the remarks of our chairman in the questions he conducted as well as the statement made by the Senator from Kansas, Senator Carlson.

I was one of the members in the last go-around of this bill; we were threatened with the Presidential veto if we went too high. I was for going for the whole House package and still am. I think we held at that time there was a tacit understanding in the next session we would do something more and I think what they are trying to do here is not enough.

I was sorry to hear you bring in the necessity of Vietnam as one of the reasons. We had that last year and the President assured us we could have guns and butter at the same time and I certainly don't want to see discrimination against the employees.

There is one thing I want to clear up before I have to leave. You made a statement that some employees have perjured themselves concerning the uniform allowance. Would you give us a list of those filing false vouchers?

Mr. MURPHY. Yes; we will do that.

The CHAIRMAN. Senator Yarborough.

Mr. MURPHY. Do you want names and numbers?

Senator SIMPSON. Yes; and whether they still are with the Department or booted out. Did you keep any of them?

Mr. MURPHY. Yes, sir. We have taken disciplinary action in virtually all cases but we did not feel the offense warranted dismissal. You have to judge each case on its merits.

We are hopeful that very few such cases will be brought to our attention and we are trying to change the method of reimbursement so it won't be necessary to take disciplinary action on these employees.

I might say it is overall, in terms of overall it is a very small percentage of our employees, a fraction of a percent of our employees.

Senator SIMPSON. We would hope so.

Senator YARBOROUGH. Do you know what the increase of cost of living in the United States has been since March of 1965?

Mr. MURPHY. I don't have that figure with me. It is going to be about two and a half but I would like to correct that for the record.

Senator YARBOROUGH. Since March 1965?

Mr. MURPHY. I believe so.

Senator YARBOROUGH. We know in food it has been very much higher.

Mr. MURPHY. Yes, sir.

Senator YARBOROUGH. A man is walking, carrying that mail, he needs meat under his ribs?

Mr. MURPHY. He certainly does.

Senator YARBOROUGH. Do you have any data other than those of the Bureau of Labor Statistics on increases in wage since March of 1965? We receive news on this in U.S. & World Report and other publications. Do you have that data outside the official annual March survey?

There have been certain preliminary releases I have seen reports of from time to time.

Mr. MURPHY. I don't have March 1965 to now but I have something that relates to it and I will get the figures. On the House side

when I testified we took average earnings of production workers and negotiated increases in pay.

We did it for the years 1961 to 1965.

Senator YARBOROUGH. I am speaking of the increases from 1965 to 1966?

Mr. MURPHY. No; I don't have them with me. The increase from 1961 to 1965 indicated the average negotiated increase was 3.25 percent. If you compare postal workers during a comparable period of time it was in excess of 19 percent, for an annual average of almost 5 percent.

Senator YARBOROUGH. Nine years ago postal workers were 33 percent off.

Mr. MURPHY. Yes.

Senator YARBOROUGH. The year I came to the Senate they were 33 percent off.

Mr. MURPHY. Yes, and that is why even every penny voted by Congress is entirely justified. I strongly support that action. This is the fifth time I have appeared here to support pay increases. We can't always support as much as we would like.

Senator YARBOROUGH. Will you get these figures, what the increase in wages across the country has been in the past year?

Mr. MURPHY. Yes, sir.

Senator YARBOROUGH. Back to the item of special deliveries. I have had complaints the mail slows up when sent special delivery to the smaller post offices. In your opinion, will this increase be enough to cause the prompt delivery of special delivery?

Mr. MURPHY. No, sir. It is more a matter of equitable adjustment. The problems are more complex than that. We recognize, then, in the postal service we are not providing the right kind of special delivery service.

The Department is making a study of this as to what we might do in order to improve service. In order not to raise special delivery fees higher than they are now, I don't think this item in the bill would give you a guarantee the special delivery will be of a quality you would like.

Mr. SWYGERT. This is a very difficult subject, the special delivery service as well as the whole general aspect of the postal service.

I think the committee is aware, if they are not I would like to state to them that January of this year, January 31 of this year the Postmaster General gave our Bureau, the Bureau of Operations, a directive to improve the mail service.

This entails all portions of the mail service. Obviously, there is some cost involved and I think the Senate Appropriations Committee this morning was meeting on some aspects of the additional cost involved.

Senator YARBOROUGH. Unfortunately, we had a conflict. The chairman and several of us on this committee are on both committees.

Mr. MURPHY. This all reflects the fact the Postmaster General directed all our fieldmen to handle the mail in accordance with the guidelines and regulations we have had for some time which we were not able to meet because of the tightness of personnel.

We had personnel ceilings fixed which we could not exceed and also the lack of money. The Postmaster General was so interested he had a



field force of over 500 people working since January 31 and there has been a decided improvement.

There is much more to be done. We are making our first nationwide test since that time. The reports are in and we are analyzing that report. These tests were made in the largest office in the country. I don't have the report or the figures but I am sure there is a decided improvement.

Senator YARBOROUGH. I want to commend the Department for making this survey to improve the mail service. Is it contemplated the increase in mileage allowances will be a cost or an increase in the special delivery letter? Do you expect to raise that 30 cents?

Mr. MURPHY. At this time, to my knowledge, we do not expect an increase in the special delivery fee, which for a first-class letter is 30 cents.

Senator YARBOROUGH. Before I came to the Senate my volume of mail was small, compared to the Senate mail, but it was not unusual for me to receive an airmail special delivery letter, registered. It is now a rare thing for me to receive an airmail special delivery registered letter from Texas in my office. You get special delivery, but for three services it is becoming pretty high. Now telephone calls wait until after 9 at night because they are less expensive, but mail is the only way you get a man's signature.

I defer any further questions until after the employee organizations testify.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. The Senator from Texas mentioned the inflationary rise in the cost of living since 1965 which I think has a direct bearing on the salary increases we vote this year. I am sure you are going to get that material for him.

I would like to place in the record an article from this week's U.S. News on pay raises. It says, "Not since 1958, when cash raises averaged 10.2 cents an hour, has the first-quarter average been as high as the first 3 months of this year."

I think that has a very deteriorating effect on workers when it comes to Federal workers. I am sure a year from now we would have some real differentials.

I ask that this be made a part of the record, Mr. Chairman.

The CHAIRMAN. It will be included.

Senator CARLSON. Thank you, Mr. Chairman.

(The document referred to follows:)

#### PAY RAISES: NOW AT 8-YEAR HIGH

With most unions ignoring the administration's wage guideposts, wages of union workers now are rising faster than at any time in the last 8 years.

This was the finding of the Bureau of National Affairs, Inc., in a study of 522 contract settlements negotiated during the first quarter of 1966.

For industry in general, it was found that cash raises, excluding fringe benefits, averaged 9.1 cents an hour, or 1.4 cents an hour above the average for the first quarter of last year.

Not since 1958, when cash raises averaged 10.2 cents an hour, has the first-quarter average been as high as in the first 3 months of this year.

Construction settlements, as usual, are running well above the general level. This year the average raise in construction has been 17.8 cents an hour—the highest figure since BNA began checking construction settlements in 1959.

For manufacturing alone, the average this year has been 8.9 cents an hour, an increase of 1.3 cents from a year ago.

In nonmanufacturing industries, excluding construction, the average settlement was 10 cents an hour this year.

The BNA predicts that "the outlook is for continued large wage increases in contract settlements. Virtually all of the facts bearing on collective bargaining point to this development. Union demands are running much higher than a year ago, despite the administration's wage-price guideposts, with some unions demanding increases of as much as 25 percent." Administration guideposts attempt to limit wage-fringe increases to 3.2 percent annually.

The survey found that 63 percent of the settlements this year provide deferred wage increases in late years of long-term agreements. Pension plans were instituted or revised in 29 percent of the settlements. Insurance plans were started or improved in 53 percent.

Mr. MURPHY. Everyone is very concerned that if we do not have wage increases under the President's guideposts then inflation is assured. We can't always testify to all we would like. I am sure that is the feeling of the President and Mr. Macy himself.

All of us would like to go to 100 percent comparability, we would like to catch up in one step and, if we did not have this tight inflationary situation on our hands, that is what we would be saying.

We have to try to set the proper example by staying within the guideposts. We have to stay within the guideposts.

I think our union leaders are to be commended for the support they have given to this. It is a very patriotic gesture.

The CHAIRMAN. Senator Boggs?

Senator BOGGS. Nothing further.

The CHAIRMAN. Any questions from the staff?

Mr. MINTON. Would you supply for the record any evidence the Department has concerning the number of hours supervisors above level 7 have worked in your department? Please include the accumulation of compensatory hours and the amount of money the Postmaster General has authorized to pay for any of those hours of overtime since last October?

Mr. MURPHY. Yes.

(The following letter was subsequently received:)

POST OFFICE DEPARTMENT,  
ASSISTANT POSTMASTER GENERAL,  
BUREAU OF PERSONNEL,  
Washington, D.C., May 3, 1966.

HON. A. S. MIKE MONRONEY,  
*Chairman, Senate Post Office and Civil Service Committee,*  
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: During the course of hearings on pay legislation on April 21, 1966, requests for certain data were made. The following is furnished in response to these requests:

1. From Senator Monroney:

Question. Was the uniform allowance increase passed by Congress last year included as a guidepost item?

Answer. The executive branch did not recommend any change in uniform allowances when proposals for pay and fringe benefits increases were submitted to Congress last year. Therefore, the uniform allowance item was never initially contemplated as a guidepost consideration. Additionally, the Post Office Department never was asked to testify before the House on the uniform allowance. The first occasion we had to speak on the subject was before your committee during which occasion we urged the denial of any uniform allowance increase.

This year the subject arose again by virtue of action by the House. During the course of my testimony before your committee I commented on the costs of H.R. 14122 not as guidepost items for this year as seen from our view, but as described in the House report on H.R. 14122. The House report on page 4 itemized "Uniform allowances, \$6.6 million," as a guidepost item. This description was their finding. The table I included at the end of my prepared statement



was to indicate that the postal share of H.R. 14122 as referred to in the House report was not \$6.6 but \$5.3. It was not my intention to endorse or to refute the finding in the House report.

Last year the national guidepost factor was 3.2 percent. For the Post Office Department, base pay increases enacted last year amounted to 3.6 percent on an annual basis and when all enacted cost increases are fully effected, total annualized compensation for the Department will be increased by 6.3 percent.

Since the final bill enacted by Congress (Public Law 89-301) contained authority—not a mandate—for a uniform allowance increase, which if fully effected would cost \$5.1 million, we included a request for funds in our supplemental appropriations submission. That submission is now pending before Congress. The money has not been appropriated. The guideposts relate to cost increases caused by fairly firm expenditure commitments. We could not commit the Government to an expenditure before we had concluded negotiations with our employee organizations as to the full nature of the expected expenditures.

In terms of expenditures, \$5 million for uniforms is important. In terms of percentage of either payroll costs or total compensation costs \$5 million in the Post Office Department's budget is a small fraction (about one-tenth of 1 percent). Therefore, we did not speak either this year or last year of the effect such an increase might have on the guideposts. Our testimony last year and this year was entirely on the principles involved in administering the uniform allowance program.

2. From Senator Yarborough:

Question. What was the increase in the National Consumer Price Index during the past year?

Answer. The CPI for March 1966 rose 2.8 percent over March 1965. Much of the increase has been during the past few months. March 1966 rose 0.4 percent over February 1966; February 1966 rose 0.5 percent over January 1966. The CPI remained unchanged between December and January.

Question. What was the percent increase in earnings for production workers last year?

Answer. Average weekly earnings (which includes overtime) rose from \$106.71 for March 1965 to \$111.22 for March 1966. This represented a rise of 4.2 percent. Average hourly earnings for the same period rose from \$2.59 to \$2.68 for a rise of 3.5 percent.

However, the average earnings of postal employees also rose.

The average clerk in fiscal year 1965 earned \$6,161 while for fiscal year 1966 earnings will be about \$6,575. This presents a rise of 6.7 percent in earnings (includes premium pay). On a weekly basis, the average earnings of these employees were \$118.48 in fiscal year 1965, compared to estimated earnings of \$126.44 in fiscal year 1966.

The average city carrier in fiscal year 1965 earned \$6,082 while for fiscal year 1966 earnings will be about \$6,406. This represents a rise of 5.3 percent in earnings (includes premium pay). Weekly earnings were \$116.96 in fiscal year 1965, compared to estimated earnings of \$123.19 in fiscal year 1966.

The change in straight-time earnings for regular personnel was as follows: regular clerks and mail handlers: 3.4 percent (\$6,354 up from \$6,144); regular carriers: 3.56 percent (\$6,399 up from \$6,179).

3. From Senator Carlson:

Question. How was the figure of \$15 million as the estimated cost of liberalization of law regarding overtime for supervisors determined?

Answer. The figure of \$15 million was based on sampling some offices in a number of regions and projecting this sample. Because this figure has been questioned we have started a sampling of the largest offices in all regions. As soon as the data has been gathered and the results obtained I will forward them to the chairman. This detailed inquiry also responds to Mr. Minton's related request.

We do have some experience with overtime compensation for the PFS-8 through PFS-10 group of supervisors under the present law. As indicated in my testimony, we exercised the option to pay overtime to supervisors in PFS-8 and above, during the Christmas period, at a cost of \$3,621,300. Of this amount, it is estimated that \$3,075,000 was paid to supervisors in PFS-8 thru PFS-10.

Question. Did the Department indicate last year that overtime for supervisors PFS-8 thru PFS-10 would cost only \$500,000?

Answer. No. The figure, \$500,000, related only to the estimated cost for holiday premium pay.

4. From Senator Simpson:

Question. Submit a listing of those who filed false vouchers and whether they were disciplined.

Answer. The attached lists contain the names of the employees, dates, location, nature of infractions, and disciplinary action taken from 1963 through the present time.

May we suggest that in order to avoid embarrassment to the individual employee, the data not be published but be kept in the committee's confidential files.

Sincerely yours,

RICHARD J. MURPHY,  
*Assistant Postmaster General.*

Mr. MINTON. I would like to point out that the Bureau of the Budget and the Bureau of Finance in the Post Office Department have agreed that the cost of the uniform allowance is not chargeable against this bill.

Recruitment and comparisons of PFS-4 and GS-5 are subject to distortion because special salary schedules can be established—"504 schedules"—in the classified service, and many of your young professionals are hired under such authority. They are usually recruited at the seventh step in the grade and not the first.

Mr. MURPHY. I think the fourth step was the point we used in GS-5 to make a comparison. These are the jobs used in GS-5.

Mr. MINTON. Many of these young lawyers are promoted to GS-7 within a year.

Mr. MURPHY. No question about it. I said the difference in promotion is different between a letter carrier and a professional. The letter carrier gets annual increases. That does not happen to the professional. There is a difference in the promotional route. That is why we promote.

The CHAIRMAN. The Senate is in session; we will have to defer Mr. Keating and the other witnesses until tomorrow morning at 10 o'clock.

We apologize as we are anxious to get on with this legislation.

The committee will stand in recess until tomorrow morning at 10 a.m.

(Whereupon, at 12:05 p.m., the committee recessed, to reconvene at 10 a.m. Friday, April 22, 1966.)



# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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FRIDAY, APRIL 22, 1966

U.S. SENATE,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The Committee met at 10 a.m., pursuant to recess, in room 6206, Senate Office Building, Senator A. S. Mike Monroney (chairman of the committee) presiding.

Present: Senators Monroney, Yarborough, Burdick, Carlson, Fong, and Simpson.

Staff members present: John M. Burzio, staff director; David Minton, general counsel; Frank A. Paschal, LeGrand A. Rouse II, and Hugh B. Key, professional staff members.

The CHAIRMAN. The committee on Post Office and Civil Service will resume its hearings on the bill, H.R. 14122, the Federal Salary and Fringe Benefits Act of 1966.

It is my hope that these hearings can be concluded as soon as possible so that we may adjourn into executive session. Therefore, let me reemphasize my statement on Wednesday morning that our witnesses make their oral statements as brief and succinct as possible. Anyone wishing to submit a prepared statement and to summarize his remarks before the committee will have his prepared statement printed in full in the record.

Our first witness is Mr. Jerome J. Keating, president of the National Association of Letter Carriers. Please come forward Mr. Keating and introduce the gentlemen you have with you.

**STATEMENT OF JEROME J. KEATING, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS, AFL-CIO; ACCOMPANIED BY JAMES RADEMACHER, VICE PRESIDENT; CHARLES N. COYLE, ASSISTANT SECRETARY-TREASURER; JAMES P. DEELY, DIRECTOR, HEALTH INSURANCE; J. DON KERLIN, LEGISLATIVE REPRESENTATIVE**

Mr. KEATING. Thank you, Senator. We are happy to be here.

I am president of the National Association of Letter Carriers, an organization representing 180,000 letter carriers located in every State of the Union, the District of Columbia, and Puerto Rico. I am accompanied this morning by James H. Rademacher, vice president; James P. Deely, director of health insurance; and J. Don Kerlin, legislative consultant.

We very much appreciate the courtesies that have been extended to us by the chairman of this committee, Senator Monroney, by the

ranking minority member, Senator Carlson, as well as the other fine members of this committee. We are here in support of the Morrison bill, H.R. 14122. We hope that you will be able to take prompt action on this bill and report it out without amendment.

There are a number of matters on which we wish to comment. We firmly believe that the salary increase granted this year should be at least 7 percent, but, because of existing circumstances, we have agreed to go along with the pending legislation.

We appreciate the action of the President in making recommendations for an annual pay raise. The most important part of the 1962 Pay Act, Public Law 87-793, is the requirement that a pay recommendation be presented to Congress every year. We appreciate the fact that President Johnson has presented such a recommendation every year.

On Wednesday, in testifying before this committee, Chairman John W. Macy of the Civil Service Commission stated:

I should like to emphasize at this point the interrelationship of all forms of compensation and the necessity from now on in considering the effect on gross compensation whenever a change is proposed in any of the elements.

The tone of his statement in this quotation and the accompanying paragraph indicates a sort of acceptance of this as a permanent Government policy. We do not agree to a package proposal as a necessity or as part of a Government policy. We do not believe that, if it is necessary to increase some benefits—fringe or otherwise—someone who is employed by the Government and has no connection with the increased benefit should have it charged against a necessary salary increase to which he would be fully entitled. The matter of the total Government expenditure is a budget consideration, of course, but to embark upon a program wherein a 3.2 percent package would be presented year after year with the comment, "This is what you will get and no more," would be like inviting two people to dinner and denying one a piece of pie because the other one had two pieces of meat.

We cannot agree to any annual package on a percentage basis nor has Congress ever adopted such a program. The fact that the House of Representatives passed such a bill this year is no indication of the passage of this as a regular program, nor is it a proposal to which we can agree. As a normal procedure, we feel that each item should be considered on its merit.

In the case of guidelines, we feel that, if there are guidelines on wages, there should be guidelines on prices, profits, dividends, and interest. However, most of our difficulty in the postal service comes not from guidelines but from what is referred to as comparability.

As far as postal employees are concerned, comparability has not worked. The Pay Act of 1962 carries the following in its declaration of policy:

\* \* \* Federal salary fixing shall be based upon the principles that—

(a) there shall be equal pay for substantially equal work, and pay distinctions shall be maintained in keeping with work and performance distinctions; and

(b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

Salary levels for the several Federal statutory systems shall be interrelated, and salary levels shall be set and henceforth adjusted in accordance with the above principles.



The National Association of Letter Carriers has insisted, from the beginning, that the comparability principle was difficult to establish, if not impossible, as far as letter carriers are concerned. This is due to the fact that there is no job in outside industry with which the letter carrier position can be compared. This has been admitted on numerous occasions by representatives of the administration, but an arbitrary decision was made wherein the PFS-4 level was linked with the GS-5 grade.

Recently, when Charles Schultze, Director of the Bureau of the Budget, appeared before the House Committee on Post Office and Civil Service, he made the following statement on the comparability principle and the confusion arising in the application of the act.

The confusion and misunderstandings which have arisen about the comparability principle, involve the words "salary rates," "private enterprise," and "levels of work" in that order.

The principle says nothing about Federal increases being comparable with increases elsewhere. It establishes that the standard is measurement of "rates," not change. This is an absolute standard. Federal rates shall be brought to the level of private enterprise rates. We are trying to do this as rapidly as economic and fiscal conditions permit. The principle describes "private enterprise" without qualification. It says nothing about comparability with the better employers, or the bigger employers, or employers of organized or unorganized workers. The principle also says that Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work. It does not say that Federal workers in any given occupation shall get the same salaries as their counterparts in private enterprise. It prescribes only a work level relationship which must represent a number of occupations at the same work level. Obviously, there will be differences in pay among the occupations. It must not be forgotten that the Federal Salary Reform Act also retained the longstanding principle of equal pay for equal work, and established a requirement for interrelated salary levels for the several Federal statutory salary systems.

This statement by the Bureau of the Budget Director clearly indicates that the policy Congress thought it had voted is not the policy understood by the administrative branch of the Government. There is apparently no desire to fix Federal wages in keeping with the practices of better employers throughout the country, or with the bigger employers. After all, the Federal Government is the biggest employer of them all, and its pay practices should be in keeping with the practices of bigger employers and better employers. The Federal Government should set a standard, rather than seek a cheap level of pay comparison.

In 1965, the pay comparisons made by the administrative branch of the Government were with employees in metropolitan areas. This year, the pay comparisons have been diluted by including employees in nonmetropolitan areas, as well. We are told that only 8 percent of the sampling were from nonmetropolitan areas, but this would reduce the comparability pay somewhat. The rules and practices in determining comparability are left to the administrative branch of the Government.

From what we have experienced, we can expect little in the way of proper comparability under the changing rules and regulations that are being followed. The Civil Service Commission and the Bureau of the Budget are largely in charge of the comparability program. The Bureau of Labor Statistics makes the survey, but that Bureau secures the information it is instructed to get. The comparability is based entirely on the study in this book made by the Bureau of Labor Statistics. It secured pay rates of technical, administrative, pro-

fessional, and clerical employees in private industry. They are comparing wages with people that are pretty well paid.

When you come to clerical pay you have a group of people that are poorly paid and they are people that are poorly organized. To compare level 4 with office employees is, in our opinion, an unfair comparison. There is no similarity whatsoever in the two occupations.

Yesterday I was very much interested in the statement made by Assistant Postmaster Murphy relative to comparison of level 4 in the postal field service and GS-5. I have a supplemental statement that I think you all have on that particular subject.

I was very much interested when Postmaster General Murphy was explaining that the postal employees in level 4 had their salaries compared—not with office employees—but with professional and technical employees. I am not certain that was the exact language he used, but that was the sense of the meaning. The Bureau of Labor Statistics makes the analysis on which comparability is based; however, the comparability program is prepared principally by the Bureau of the Budget and the Civil Service Commission. The Bureau of Labor Statistics does the research, and the determinations are made by the Bureau of the Budget and the Civil Service Commission.

It is not surprising that the increase in salaries for 1961 to 1965 show 10.6 percent for clerical employees; 13.7 percent for lower professional and administrative employees; and 15.2 percent for higher professional and administrative employees. Someone makes the selection of the groups that are chosen for comparative purposes.

If the presidents of corporations that report to the Securities and Exchange Commission had been selected, 40 percent of the companies handed out pay boosts of better than 9 percent last year. The year before nearly 60 percent handed out pay increases of 12 percent to their presidents. You can secure all sorts of averages. Comparability is not scientific and I seriously question whether it is objective to the extent of not being determined by things other than absolute figures.

In the Federal Statutory Salary Systems, House Document No. 402, a message from the President of the United States transmitting the Joint Annual Report, on page 7, a list of the various crafts that were used to determine comparability is set forth. In GS-5, we find the following:

Accountant I, Auditor I, Job Analyst I, Chemist I, Engineer I, Engineering Technician III, Draftsman II. According to this table, the average increase in pay for this group was 2.9 percent. However, in the proposed salary adjustments submitted by the Bureau of the Budget before this committee on April 20, the increase recommended for GS-5 was 2.4 percent, and this statement shows that, with this 2.4 percent increase, we reach a proposed pay line of 100 percent. We reach a 100 percent comparability according to a statement made by the Bureau of the Budget.

Many of the so-called professional and technical jobs that are described in the Federal Statutory Salary Systems are beginning jobs and the functions of the employees are largely comparable to that of office employees. In the Government service, I am told that people who enter under a technical or professional title remain in that grade only for a very short period of time before they are advanced two grades.



I have a copy of the Memorandum for the President, subject: "Joint annual report on the Federal statutory salary systems" dated March 3, 1966, and signed by Charles L. Schultze, Director, Bureau of the Budget, and John W. Macy, Jr., Chairman, Civil Service Commission. On page 3 of this report we find the following statement:

Although the survey has produced excellent data on several professional, administrative, and technical jobs at the private enterprise equivalent of GS-5, the data have not been used this year nor in past years in comparability computations. Determination against use of the data is based upon the fact that more than 70 percent of GS-5 employees are engaged in clerical work, yet no data have been available to date on private enterprise rates for clerical work at this level. Until such data are available, it does not seem possible to accept the findings at GS-5 as being sufficiently representative of private rates for the work level. Repeated prior attempts to survey pay for GS-5 clerical jobs have failed, but successful survey of the newly added jobs should satisfy the criterion of representativeness and permit use of the data in computing Federal comparability salaries.

In view of the conflicting statements made by various Government representatives, I am not entirely sure that anyone can know exactly with whom they are comparing GS-5, but certainly it is a confused operation. From our own observation we agree with the statement that 70 percent of the employees in GS-5 are clerical.

We feel that, despite statements to the contrary, the criticisms we have offered against the comparability between letter carriers in PFS-4 and employees in GS-5 are both sound and valid.

We not only have an incongruous comparability, but we have a phantom comparability. The letter carriers are being compared with GS-5 and apparently the people who came here and represented the administration don't know who is in GS-5. Their own prepared statements indicate that scientific and technical people are in GS-5. Their own records indicate 70 percent are clerical employees.

There is no similarity between the two occupations. There is no similarity between the people who are employed in the two occupations. According to the Bureau of Labor Statistics study, in 11 out of the 17 positions that were examined in the clerical comparisons, over 90 percent of the employees were women.

Historically, women have not been paid equal wages with men for similar work. This has been due to some extent to the philosophy that men are the heads of families and women are working in many cases to supplement their husband's earnings.

In our testimony before the House Committee, we pointed out that office employees are one of the poorest organized crafts among working people. Mr. Schultze, in his statement, said that comparability had nothing to do with organized or unorganized employment. Evidently, as far as we are concerned, the administrators are going to continue to seek a low level of comparability.

According to the Bureau of National Affairs, Inc., in union elections held during the year 1965 among clerical employees, units choosing union representation won elections in firms that employ only 42 percent of the employees eligible to vote—in firms employing 58 percent of the employees, union representation was rejected. Such elections are held only in areas where there are a substantial number of people who want union representation. To lose an election in these plants in white-collar units is a sad reflection on the office workers' support of unions.

Government employees are entitled to better consideration; they are entitled to be compared with the employment practices of the better employers, bigger employers, and the employers in unionized industry.

Because of the administration of the comparability principle, we suggested to the House Committee on Post Office and Civil Service that a complete study be made and that the obvious weaknesses of the system be corrected.

We also would like to make that suggestion here and we think the study should be conducted by the staff people of the Congress and not by the administrative people in the Government.

The health benefits provisions: Under the provisions of H.R. 14122, the Government's contribution to pay for health benefits premiums is increased from \$1.25 for an individual and \$3 for a family, to \$1.62 and \$3.94, respectively. The Commission has pointed out that, when the health benefits plan was placed in operation, the Government contribution took care of 38 percent of the cost; presently it takes care of only 28 percent. The provisions of the House bill will restore the Government contribution to 38 percent.

As Senator Yarborough pointed out Wednesday, the intention of the Senate was to have the Government contribute 50 percent. The following quotations taken from the Senate Report 468 on Public Law 86-832, dated July 2, 1959, substantiate this point:

The bill provides civilian employees with health benefits comparable to those available to other large employee groups by authorizing: (1) Payroll deductions and (2) an equal contribution to meet the costs of the program (p. 3, statement).

It [the legislation] establishes the principle of a 50-50 sharing of costs by Government and employees, regardless of the plan selected by the employee (p. 15, contributions and costs).

On uniform allowance in the report on H.R. 14122 recently passed by the House, there is a summary of the cost of the bill. The title is "Committee Estimate of Guidepost Costs." The total cost shown is \$471.8 million. Included therein is an item of \$6.6 million for uniform allowances.

Yesterday we were told there was a mistake on that report and it should be \$5.3 million.

In the report on H.R. 10281, filed on October 18, 1965, there was an item for uniform allowance shown amounting to \$5 million. This uniform allowance has never been granted to the employees, although it was passed by the Congress. It is manifestly unfair to charge this item as a guidepost item twice; yet this is what has been done. It does not belong in the cost of the legislation this year. It was charged off against the employees last year.

At this point I would like to say Mr. James Rademacher made a very fine statement when we testified before the House on uniforms and I would like him to make a statement here on the same subject.

MR. RADEMACHER. Mr. Chairman and members of the committee, it was not our intention to go into lengthy testimony here today to support section 407 of H.R. 14122. It was our firm belief that this interested Senate committee did agree last year that an increase in the uniform allowance was necessary; and at that time you did approve legislation to provide a uniform allowance up to \$125 for those required to wear uniforms.

Our purpose now, however, is to make the record clear in view of statements made on April 21 by Assistant Postmaster General



Richard J. Murphy on this subject. Needless to say, we were very surprised to hear the Assistant Postmaster General imply that the action taken by Congress, and signed into law by the President, should now be negotiated. We are likewise surprised to have heard other derogatory statements made concerning the uniform allowance and I would like to place our position in the record.

At the outset, and to present factual information on the subject, we are reminded that the House of Representatives on September 30, 1965 by vote of 370 to 7 did agree to the provisions of H.R. 10281. A provision of the House bill called for a uniform allowance up to \$150. Because of the guideline pressures, the Senate differed with the House bill, and finally approved a \$125 annual uniform allowance.

Needless to say, our membership was elated with the knowledge of this increase, even though it had been reduced from the original \$150 base, as provided in the House bill.

Before we could advise our membership that the Post Office Department was not ready to increase the allowance, many letter carriers made the additional purchase of winter apparel. They have not been reimbursed for this out-of-the-pocket expenditure.

Periodically from October 29, 1965, when President Johnson signed Public Law 89-301, various officers of our organization contacted departmental officials and urged that the allowance be paid. It was not, however, until after after the House committee had agreed on the mandatory allowance that a letter was received from Assistant Postmaster General Murphy inviting our organization to participate in a meeting where rules would be formulated for negotiating an allowance. President Jerome J. Keating did not accept the invitation because he felt, as we all did, that the matter had been successfully negotiated with the Congress, and that the agency head no longer had the authority to negotiate in this area.

Senator YARBOROUGH. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Senator YARBOROUGH. Has the price of uniforms declined any since this law was signed by the President on October 29, 1965?

Mr. RADEMACHER. I am sorry, what was the question?

Senator YARBOROUGH. Have prices on uniforms gone down?

Mr. RADEMACHER. The cost of uniforms, in accordance with the advertisements appearing in our magazine, since last October have risen. The cost of shirts and trousers have gone up since last October.

Senator YARBOROUGH. I assume that is why you contend there is nothing to negotiate with the Department? We have had a law passed and prices suddenly dropped?

Mr. RADEMACHER. On the contrary, they have gone up. We urge you to make this increase so that it is mandatory.

The CHAIRMAN. I am still unclear as to what negotiation goes on. The law is clear, that we passed last year, that they can pay up to \$125 for uniform allowances. What type of negotiation is it?

Mr. RADEMACHER. I would only have to assume the assumption would be that the Department would have to attempt to chisel away, and perhaps in the State of Texas where it might be warmer than in North Dakota they might say it is \$110 in Texas, and in North Dakota, where we have to have more winter clothing it would have to be \$125. This is something we can't tolerate.

When the first law was passed after many years of striving for that legislation the Congress determined it should be \$100, at least for letter carriers, and that is what we get. We assumed when you said \$125 that is what you meant.

The CHAIRMAN. You don't contend, however, that the allowance for a letter carrier out in the elements every working day should be the same as for the clerk who works inside?

Mr. RADEMACHER. No, sir, our testimony is only for letter carriers. The clerks have their own problems, and I don't know what their responsibilities are, but as far as the people working on the outside, they need twice what the allowance is today. I have that evidence here.

The CHAIRMAN. You may proceed.

Mr. RADEMACHER. Mr. Murphy's statement to this committee yesterday was to the effect that he did not recall any testimony to justify the scale of increases contained in section 407. Mr. Murphy declared to the committee:

I recall only some testimony that clothing prices went up over the past 10 years about 20 percent.

At this point, Mr. Chairman, I respectfully request that the brief statement I made to the House Subcommittee on Compensation, on March 9, 1966, be incorporated in my testimony today, and that testimony is on page A through E in the latter part of my statement before you now.

The CHAIRMAN. That will be included in the record as part of your statement.

Mr. RADEMACHER. The purpose of this request is to supply evidence to the committee, and to Mr. Murphy if need be, that testimony was properly submitted indicating increases in the price of uniform apparel not of "about 20 percent," but from 34 percent of 120 percent. Mr. Murphy has stated that employees do not need a \$17.95 sweater when one can be purchased for \$9.50. In the chart that we presented in that previous testimony illustrating the increases in prices, we did not even consider a \$17.95 sweater. On the contrary, we compared the price of a \$7.95 sweater in 1954 with its current price of \$12.95; an increase of 63 percent in the cost of the same garment over the past 11 years.

Mr. Murphy also felt that employees were using up their allowance by spending \$22.95 for a pair of trousers, when trousers can be purchased for as low as \$12. I submit, Mr. Chairman, the proven fact that any employee who is performing the duties of a letter carrier would require two pairs of trousers normally selling for \$12 over the period of time that a pair of trousers costing \$22.95 would satisfy his needs.

Assistant Postmaster General Murphy also testified yesterday to the effect that he was not aware that anyone had testified that letter carriers were having out-of-the-pocket expenses in order to attire themselves properly. I submit, Mr. Chairman, and members of the committee, that my testimony delivered before the House Subcommittee on Compensation does just that and does it in what I sincerely hope are not uncertain terms.

Mr. Murphy also referred to abuses—and unfortunately there have been cases where unscrupulous vendors coaxed employees into purchasing items for which there could not legally be a reimbursement.



We have met with the Uniform Manufacturers' Association and urged that fine group to adopt a code of ethics for their industry, barring any vendor who would encourage an employee to make improper purchases of uniform apparel. I am pleased to advise the committee that the Uniform Manufacturers' Association has adopted such a code, and is now placing it in force throughout their association.

When we appeared before the Senate committee in 1965 we testified in support of the higher allowance because of (1) increased costs during the 11-year operation of the Uniform Allowance Act, and (2) the increased number of reimbursable items. There is no question about cost, and our charts will bear out this evidence. In addition, a matter that is frequently overlooked when one considers costs of uniform apparel, is the fact that in most States an employee loses from \$3 to \$5 of his \$100 allowance because of local taxes.

The National Association of Letter Carriers is extremely concerned about what has transpired in regard to the enactment, in 1965, of the increased uniform allowance. Words alone are inadequate to express the disillusionment and frustration when 150,000 letter carriers throughout the country learned they would not be receiving the increase which had been granted them by the new law.

Our members are delighted with the positive action of the House of Representatives which declared in section 407, of H.R. 14122:

Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title, are hereby increased.

Of course this language does not permit any agency head to make a determination that the matter should be negotiated. We feel positive action is called for and the National Association of Letter Carriers would appreciate having this provision retained in the Senate bill.

In conclusion on this subject, Mr. Chairman, we believe that certain revisions of the administration of the Uniform Allowance Act are in order. It does appear that after 11 years of operation it is time to determine whether the best methods are being used. There have been opinions that the employees should receive a cash allotment annually rather than be reimbursed for expenditures. Likewise, there have been suggestions that the reimbursement be made directly to the vendor rather than through the employee. There is a National Uniform Committee at the Post Office Department, and it, too, perhaps needs an evaluation. We are not satisfied with some of the decisions that have been made, but it would not be appropriate to air our grievances before this committee. We have representation in that group and intend to exercise our rights at the appropriate time and place.

One of the areas where we find disagreement is in the decision of management of some of the programs endorsed by the Natick Laboratories. One specific disagreement has been in the approval of the beret for female letter carriers. This disagreement comes in the cost of the beret itself which is made in Canada and which because of high customs duty is costing our lady letter carriers \$11, for just one beret.

We enjoy the atmosphere which has prevailed where in recent years the National Association of Letter Carriers has been permitted to negotiate with the Department in certain areas where legitimate differences of opinion exist. But as I have said above, when Congress

has enacted legislation the area covered by such legislation is beyond negotiation. The areas of the method of paying the allowance, and the types of apparel which are to be approved, are definitely within the realm of negotiation. The amount that can be paid is not negotiable. It is part of the law, and it is not the proper role of the executive branch to negate and diminish by administrative decisions the laws which Congress makes.

In conclusion, Mr. Chairman, and members of the committee, it is our fond hope that you will see fit to allow the mandatory language of section 407, of H.R. 14122, to be retained in the legislation which is reported out by this group.

STATEMENT OF JAMES H. RADEMACHER, VICE PRESIDENT, NATIONAL  
ASSOCIATION OF LETTER CARRIERS

UNIFORM ALLOWANCE FOR LETTER CARRIERS

Mr. RADEMACHER. Mr. Chairman and members of the subcommittee, on July 29, 1965, this august body passed legislation which among other features would provide \$150 uniform allowance for those Federal employees required to wear same. This subcommittee took that action because they were convinced that over the past 10 years since the original Uniform Allowance Act there have been sufficient increases in prices of the apparel, as well as increases in the number of items for which reimbursement would be made, to warrant additional allowance.

Following the action of the subcommittee on September 30, 1965, the House agreed to the provisions of H.R. 10281 by vote of 370 to 7.

Subsequently on the Senate side, with the so-called guideline pressures, the Senate differed with the House passed bill, and agreed to \$125 annual uniform allowance.

The National Association of Letter Carriers is very much aware of the language which is contained in the Uniform Allowance Act which now makes it possible for agency heads to pay an amount up to \$125 to those employees who are required by either regulations, or law, to wear a prescribed uniform while on duty.

We are also mindful that the Senate by a vote of 67 to 0, on October 22, 1965, agreed to the \$125 allowance. Immediately following the Senate vote, the House of Representatives concurred and there was enacted into law a provision which permits payments up to \$125 for uniform allowance.

President Johnson, on October 29, 1965, signed Public Law 89-301 thereby rendering final approval for the increased allowance.

The National Association of Letter Carriers has been in contact with the Post Office Department on several occasions, and we have been advised that the increased allowances will be a matter of negotiations when such bargaining does take place officially between those organizations which have exclusive recognition at the Post Office Department, and postal officials. At the present time, it appears that such negotiations will not begin until perhaps April which will mean that even if there is agreement that the additional \$25 will be paid, the extra allowance would not be payable until at least June or July. Even if there was agreement reached that the additional allowance would be paid no later than July 1, there would still have existed 9 months between the date of enactment of H.R. 10281 and the final authorization for reimbursement of the additional funds.

We are greatly concerned over this injustice, especially in view of the fact that all of our members were led to believe that it was the sentiment of the Congress to actually increase their uniform allowance. In discussing cost of this legislation it was clearly pointed out that the expenditure to comply with the new law would be about \$5 million, which is the exact cost of an additional \$25 for each postal worker required to wear a complete uniform. The attitude of the Post Office Department, in withholding authorization of the additional funds until there are negotiations on the subject, is highly irregular and unconscionable. (I might add that sec. 17, of the Senate Committee's Report No. 910, sets out the effective date of the increased uniform allowance as the date of enactment.)

For the record, I would like to submit some of the facts which were presented to the Senate committee during hearings in 1965. I would like to preface my statement on the subject by including in the record a chart describing the typical annual costs for letter carrier uniforms. The chart, which is attached to this statement, contains figures which have been taken from the fall catalogs of leading



uniform companies. They are also figures which appear in advertisements which have been placed in the Postal Record, the official organ of the National Association of Letter Carriers.

Until enactment of Public Law 763, which was approved September 1, 1954, letter carriers and other employees required to wear uniforms often found it necessary to go into debt to purchase regulation items. The National Association of Letter Carriers strongly supported enactment of Public Law 763 for a number of reasons, especially for the fact that letter carriers take pride in presenting a good appearance to the public. Since the letter carrier is the only representative of the U.S. Government who comes in direct contact with the taxpayer, it is imperative he dress the part of the ambassador.

When instructions were first issued in the official Postal Bulletin of June 9, 1955, there were 13 total items for which letter carriers could be reimbursed. These items included: coat, jacket, trousers, helmet, cap, raincoat, raincap, raincap cover, uniform shirt, tie, shoes, sweater, vest, and belt.

Because of the subsequent experience with the uniform allowance, and the apparent need for revision of the regulations, a National Postal Uniform Committee was approved; and this group had frequent meetings with Post Office Department officials. From the period June 9, 1955, through December 29, 1964, the allowable items for which reimbursement could be made were exactly doubled. Where there were 13 original items allowed, today there are 26 various items for which the cost is reimbursable. The additional 13 items which were not included in the original regulations are: surcoat, fur cap, mesh cap, parkas, galoshes, rubbers, gloves, short raincoat, rainpants, rainleggings, removable cape, skirt for females, cap for females.

In addition to the increase in the number of reimbursable items, through the past 10 years there have been city and State sales taxes which have taken from \$3 to \$5 from the \$100 allowance; and the normal increases in cost of uniform items has caused demands for a higher allowance.

Some examples of the prices on uniform items which have increased are shown below. This information has been taken from advertisements which appeared first in the September 1954 Postal Record and, secondly, in the March 1966 issue of that publication:

Item	1954 price	1965 price	Percent increase
Sweater.....	\$7.95	\$12.95	63
Overcoat.....	46.50	59.95	34
Caps (serge).....	3.00	4.75	60
Shirts (long sleeve).....	3.50	4.95	40
Shoes.....	7.95	12.98/19.98	63/120

Also, it must be remembered that letter carriers must purchase from their own pockets umbrellas, hip boots, and socks. The cost of these items is not reimbursable.

Mr. Chairman, we have proved it is quite evident that the subjects listed above have contributed greatly to the urgency of an increase in the uniform allowance now; that is, cost of articles having increased over the past 10 years, the increase in the number of reimbursable items, and the various sales taxes that have wiped out from 3 to 5 percent of the allowance. It is also evident that the intent of Congress was to see to it that the uniform allowance was increased, and overwhelming votes proved that intention.

We strongly urge that the committee reiterate in some manner the intent of the law and urge that the additional allowances be appropriated immediately. We feel that the entire matter has been negotiated with the Congress, and that any further negotiations are unnecessary and time consuming, and can only cause serious and unwarranted delays in approval of the additional allowance which Congress has already agreed to.

(The information referred to follows:)

#### TYPICAL ANNUAL COSTS FOR LETTER CARRIER UNIFORMS

Following are the typical costs of attaining uniform apparel under the uniform allowance in accordance with official instructions which permit reimbursement for

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certain designated items. The costs are exact prices quoted from fall catalogues of leading uniform companies.

## NORTHERN AREAS

Item	1st-year cost	2d-year cost	3d-year cost
Coat (winter)-----	\$59.95		\$59.95
Jacket (spring and fall)-----	23.50	\$23.50	23.50
Trousers (4 pair)-----	66.00	66.00	66.00
Cap (two)-----	9.50	9.50	9.50
Raincoat-----	21.50		21.50
Uniform shirts (6 summer, 6 winter)-----	56.70	38.50	38.50
Tie-----	1.25	1.25	1.25
Shoes (2 pair)-----	29.90	29.90	29.90
Sweater-----	12.95		12.95
Belt-----	2.25	2.25	2.25
Rain leggings-----	6.95		
Cap cover, cape-----	5.50		
Galoshes-----	7.95		7.95
Rubbers-----	4.95		4.95
Gloves-----	6.50	6.50	6.50
Total-----	315.35	177.40	284.70

## SOUTHERN AREAS

Jacket-----	\$23.50	\$23.50	\$23.50
Trousers (4 pair)-----	66.00	33.00	33.00
Cap-----	4.75	4.75	4.75
Raincoat-----	21.50		
Uniform shirts (12)-----	56.70	56.70	56.70
Tie-----	1.25	1.25	1.25
Shoes (2 pair)-----	29.90	29.90	29.90
Sweater-----	12.95	12.95	12.95
Belt-----	2.25	2.25	2.25
Rain leggings-----	6.95		
Cap cover, cape-----	5.50		
Rubbers-----	4.95		4.95
Total-----	236.20	164.30	169.25

NOTE.—All prices are quoted from most current sales catalogs of leading uniform manufacturers.

The CHAIRMAN. Thank you, Mr. Rademacher.

You may continue, Mr. Keating.

Mr. KEATING. Last year we received a 3.6 percent pay increase. Others received more. We have some illustrations here. This is—I might point out while I am talking about the increases the Bureau of Labor statistics submitted the cost of living increase figures. In March 1964 the index was at 109—in 1965, I should say. March 1966 it is 112.

In other words, the cost of living index has gone up 3 points and this pay bill we are testifying on today provides a 2.85 percent increase. So actually the pay increase has merely kept pace with the cost of living index increase, rather than pay increase.

These are 1965 settlements and what it indicates is that the percentages granted are way above the guidelines. These are workers from around the country; they are far above the 3.2. The lowest is 4.3, and increases go as high as 8.3 percent.

Our increases have not kept pace.

Now you also have another chart that points to increases in Milwaukee where the increases rose from 7.8—

The CHAIRMAN. Are these all construction trades?

Mr. KEATING. No. Principally they are, there is a good deal of construction trades, but there are others, too.

Here is a case of certainly not a construction trade. This advertisement was circulated in Oakland, Calif. This called for a street



sweeper salary range starting at \$490 per month. A beginning employee in the post office gets \$431 per month. A new employee in the postal service is required to work as a substitute for a long period of time. His earnings often are less than \$431 a month.

I might point out as a result of the pay that is given in other industries, it is very difficult to recruit letter carriers and post office clerks. The Post Office Department has circulated an important message from your postmasters; they have distributed that to practically everybody in America. They passed it out in a great many cities, principally large cities, practically begging people to come to work.

I have been told by many postmasters that it is almost impossible to recruit. One of the postmasters in the vicinity of Chicago told me he called for a register; an examination was held and out of the examination he got two employees; one man and one woman.

Post offices all over the Nation—Assistant Postmaster General Murphy said there were about 5, we would be glad to give you the name of 40, cities where they are having extreme difficulties employing men in the postal service.

The wages are not comparable and people won't go to work in the postal service.

Now if you look at other segments in our population, you have in your paper "Profits on a Steep Climb," and it indicates the profits of some industries, this was taken from Business Week. It shows or tells the story in 1965. Thirty-three out of forty-eight firms had profit increases over the previous year of more than 10 percent. Seven had increases over 5; three had increases between 1 and 5; and five showed losses from the previous year—but healthy returns, notwithstanding.

The CHAIRMAN. Where are you reading?

Mr. KEATING. From this chart here, page 6 of my statement, but I am referring to this chart, specifically.

The figures to substantiate the statement are contained in this chart with the statement from Business Week.

Senator YARBOROUGH. Will you yield for a question?

The CHAIRMAN. Yes.

Senator YARBOROUGH. Do you know of any guidelines they have applicable to corporations limiting them to 2½ percent, 5 percent, profit? Is there a guideline limiting profit?

Mr. KEATING. No, nor are there guidelines limiting dividends or profits.

U.S. corporations paid a record of \$19.5 billion in cash dividends last year, up more than 10 percent over 1964's \$17.7 billion. The Commerce Department reports that the greatest gains were in non-ferrous metals, transportation equipment (excluding automobiles), textiles and leather, nonelectrical machinery, and automobiles.

"Trends," in its March 1 issue, carried this interesting story of dynamic economic progress:

The fifth anniversary of the business expansion has just passed with no indication of a slowdown in sight.

"The big boom of the 1960s," or whatever name is given the recordbreaking upturn, is certain to receive special attention from students of economics for some time to come.

Passing the 60-month mark the end of February, the current expansion is already twice as long as the average length of business expansion in every cycle since 1854. The 30-month average, moreover, includes several wartime periods when the economy was pushed at artificially high speed through necessity.

"Then" and "now" comparisons tell the dramatic story.

Personal income in the United States was \$405 billion in February 1961; today it is \$550 billion, a gain of 35 percent.

Industrial output, as represented by the Federal Reserve Board Index, was 103 in 1961; today it is 148—an increase of 43 percent.

Retail sales have risen 33 percent, from a level of \$18 billion annually in 1961 to \$24 billion today.

Overall construction is up 28 percent in the 5-year span, from a yearly total of \$54 to \$69 billion in 1966.

Impact on the American people is equally dramatic.

Despite a steady increase in population (7 percent during the 5-year period), the number of unemployed has dropped from around 5 million in 1961 to 3 million today.

The unemployment rate today among married men, the Nation's breadwinners, is 1.8 percent—as compared with 4.6 percent in 1961.

Business profits have showed considerable growth in the upturn. The total of all corporate profits after taxes is now at the level of \$45 billion a year—against \$27 billion in 1961.

Recent concern over rising prices tends to obscure the fact that the actual buying power of most consumers has gained sharply. Consumer prices now are 7 percent greater than they were 5 years ago, and wholesale prices are up 3 percent. But the average weekly wage of factory workers, for example, is 24 percent greater than it was in 1961.

While wages of factory workers increased 24 percent in 5 years, salaries of letter carriers increased only 16.7 percent. Where is our comparability?

A number of years ago, pay for letter carriers in our larger cities equaled and even exceeded that of policemen.

This is no longer true, as the chart you have before you will demonstrate. We are not saying that policemen are overpaid—but we are saying that letter carriers are underpaid.

Ample figures have been presented here to establish the fact that most segments of our American economy have prospered. One more illustration that is all inclusive is in the area of personal income. The average increase in personal income in 1965 was 8.5 percent. The highest in any one State was 13.9 percent; the lowest was 3.2 percent. This was in the State of South Dakota. Amazingly, this is the gain in compensation to which Federal employees are to be held—the South Dakota standard.

In an article titled, "Poverty: The Word and the Reality," published in the Monthly Labor Review of July 1965, we find the following:

The estimated October 1962 cost of a modest budget for an employed man, housewife, and two children in New York City, published by the Community Council of Greater New York, was about \$5,500 for goods and services, and almost \$6,500 including insurance and personal taxes.

Our letter carriers in New York City do not attain this amount of pay until they have served their Government for 12 years. I should point out that this is an October 1962 standard. Today it is much higher.

This chart, "National Comparison" illustrates how existing inequalities have been completely ignored in establishing the comparability program.

I think this is a graphic chart because it shows the pay of a step 7 letter carrier, petroleum refining and related industries, these are national figures, blast furnace and basic steel products, motor vehicles and related workers. In 1949 we were getting \$1.81 an hour, 1950 no increase; 1951 an increase; 1952, 1953, and 1954, no increase.



One increase in 1955, none in 1956 and 1957. One in 1958. None in 1959. One in 1960. None in 1961. One in 1962. None in 1963. Two increases in 1964 and one in 1965.

In the petroleum and related industries the fellow getting less than we were in 1949 is getting 28 cents more now. The fellow getting less in blast furnace and basic steel products in 1949 is getting 43 cents more. In motor vehicles and related workers, he is getting 46 cents more.

I think that is a graphic illustration of what has happened.

During this period when we were getting two increases, the average increase of labor in the United States was at 5 percent a year. We were not getting the 5 percent.

I have a chart here that I am not going to go into, but it is a very interesting chart prepared by one of our members in Wisconsin, and he quotes comparisons. It is a four-page document. I would like to have it included in the record. It compares the wages of letter carriers with those in the various counties around the State, State employees, and he has national figures in there. It is very conclusive and most interesting, I am sure.

Most of our postal employees, and I think a lot of other people, are confused over the constant reference to percentages. Dollar values are never mentioned except in the total cost of the bill.

Assistant Postmaster General Murphy did publish a list yesterday that showed that increases proposed by the administration went from—from \$99 to \$492 a year. We hear the percentage figure mentioned, but I think what is more important is what the dollars are.

I am sure that not even the officials of the Civil Service Commission or the Budget Bureau go into a place of business and offer the salesman a percentage of salary for an article they wish to purchase. I rather suspect that, like the rest of us, they make their purchases with dollars.

I think the consideration of dollars has been completely lost in this maze of percentages. I think there have been some things said that are not accurate and not true. We have a chart here on page 9 that shows the level increases—the dollar increases under the two proposals.

Before that, I would like to refer back to a little former history.

This chart was prepared last year and I think you saw it before. In this chart we show the increases representing dollars. These figures on the left represent dollars, not percentages. Here is level 4, step 1; level 4, step 7; level 10, step 7; level 19, step 7. You can see the greater amount of dollar increases that have gone to the top-level people. From what you gather listening to the administrative people, top-salaried people have been totally neglected, but actually, since 1955, that is when public law was enacted, every increase gave much higher dollar increases to the higher-paid people.

They said the ceiling kept wages down. We never opposed increases in the higher levels but when we hear this doubletalk, people come in and imply they have been totally neglected, I would like to point out a few things.

In level 15, back in 1955, there was a difference between step 7 in level 15 and step 7 of level 4 of \$6,740. As of now, there is a difference with the bill as passed by the House of \$10,193. So they have the same percentage; but in dollars, which count in the marketplace, they have \$3,453 more in increases than those in level 4.

You heard comments the other day about, oh, yes, we gave those in level 4 an extra step, \$160 was the extra step, but under the same percentage they were getting a lot less in the dollar increases. When the increase was given, level 4 was given an extra step, \$160.

The amount of the increase in level 6, step 7, was \$1,945; in level 10, it was \$3,006; in level 15 it was \$5,640. So I am not very enthused over this constant percentage and the indication that those in the lower level are treated like kings but those in the higher levels are ignored. Maybe they are not comparable but they certainly have far more. The recommendation this time would bring level 15 up to here. The H.R. 14122 brings them here.

Senator SIMPSON. May I say when he says "here," I don't know what it means. Could he put a figure?

Mr. KEATING. The figures are pretty well shown on this chart.

Senator SIMPSON. But you made new ones and I would like to know what they mean.

Mr. KEATING. This is close to \$17,000. The administration proposal will bring this level to \$16,790. H.R. 14122 brings them to \$16,580.

They do get a substantial increase. When you take a percentage of a large amount of money, you get a lot more than a percentage of a smaller amount of money.

I think a lot of people in the lower pay level are not being well taken care of. Just to give you an idea, administration proposed level 1, step 4, the increase would be \$99. Now, the House people thought that was a very insignificant sum of money so they increased it to \$130. In level 4, step 4, the administration proposes \$136, the House increased that to \$165; level 10, step 4, it is \$285 as the administration proposal. It is \$205 with the House bill. Level 15, step 4, was \$663 in the administration bill and \$423 in the House bill.

Level 15 is getting about \$300 more than level 1. But from some of the testimony I thought they had their salaries reduced in the House bill. We believe the pay should not be kept on the basis of a varying percentage when the percentage is as small as it is, particularly in view of the fact the percentage of increase approximately only reaches the increase in the cost of living this year. We do not believe that there is any justification for a 1- to 4-percent increase. That would give \$564 more to those in level 15 than those in level 1.

Where the percentage is small we think everyone ought to get an equal percentage and we hope the percentages provided in the House bill, the overall uniform percentage, will be retained in the legislation reported out by this committee.

One other thing I want to compliment and commend this committee for is the life insurance bill you reported out. I think it was an excellent bill and I do hope the House of Representatives will approve it. We do not believe that this should be considered within the guidelines. When you get in the subject of guidelines, I think there is room for considerable debate as to what are within guidelines and what are not. There is no uniform description of the guideposts.

This is the annual report of economic advisers. In 1962 the original description was given out. The guideposts themselves involve general guides for noninflationary wage and price behavior for specific qualifications required by the objectives of equity and efficiency.



Now, the general guide for wages is at the rate of increase and wage rates, including wage benefits, should be equal to the trend of productivity increases. There has been no study of productivity in determining these guidelines, as far as we can see. The guideline increase for the last year was 3.6 percent but we are given an average of 3.2 because it has been averaged over 5 years.

In the original guideline social security was not included so retirement benefits should not be included in guidelines of the legislation before you. It is a very complicated subject and you can find as many interpretations as you can find people interpreting what guidelines mean. We believe the House came up with a bill that was as good as could be secured under the circumstances and we hope the Senate will pass out the House bill, that this committee will report out the House bill.

The CHAIRMAN. Thank you very much for a comprehensive and full discussion of the problem. I, as one member of this committee, would be glad to see us get away from a package bill.

It is too complicated a subject to be adequately considered in one big package bill.

Mr. KEATING. I think this year we have no choice but generally speaking the Government is a big employer and they have people that work under different pay schedules and the history of the practices built up and the tradition in the packages built up in the past are different.

If you have a pay raise affecting one group, small or large, it is unfair to charge that pay increase against some other group. We are almost like different employees. Certainly, the Foreign Service is far different than the classified service and it is only in recent years there has been much of a tie-in between classified service and the Post Office. There are many difficulties in making such a tie-in. Lumping all these people in a package and making it a percent, it is a budget item, of course, but I don't think it is good practice to do that.

The CHAIRMAN. Getting to the dollar figures, our figures and the figures you have are somewhat different, a differential of about 3.6 percent since 1961. Your figure, on page 7 was a 16.7 increase for letter carriers. Our figures based on letter carriers is 20.3 percent increase since 1961.

Mr. KEATING. Your figure is 20.3.

The CHAIRMAN. Would you recheck those?

Mr. KEATING. Yes, we will recheck that.

The CHAIRMAN. I don't know where the variance is. It may be something we included and you failed to include.

You state, that GS-5 is not a comparable grade to compare the postal workers. You mentioned the fact that some 90 percent of these employees are women. The Commission advised me this morning that two-thirds of the people in GS-5 are women.

Mr. KEATING. That is right.

The CHAIRMAN. Is there any comparability with other Federal grades of civil service?

Mr. KEATING. No, the work is entirely different. There isn't any work in the Federal service I can think of. There might be a small group but no grade I could think of that you could compare us to. This comparability is lacking a good deal in my opinion but what they have done, is to take small sections; a good deal of it is done for

convenience in securing statistics and things of that sort. A compressed comparability, so to speak.

I think if they are going to provide a proper comparability that Congress ought to see that more basic rules are laid down.

Now, who are they going to compare employees to? Are they going to compare them to the employees working for the larger employers? Are they taking into consideration whether they are better employees or are they comparing them to the poorly paid employees? Are they going to give consideration to the fact that their union workers are paid better than nonunion workers?

In some occupations there is a large percent of union workers. Are we going to follow those principles or pick out limited crafts and try to force people to that comparison? You could compare our parcel post people with truckdrivers. They would have a lot better comparability than they have in comparing them with office employees but I think we should come close somewhere in reality to making comparability. Certainly, the present system is the most far-fetched comparison I have ever heard of. We like the ladies but we never treated them very well. They always get a little less than men when it comes to pay.

The CHAIRMAN. What would by your ideal comparison, not based on wage, but the comparability of the work?

Mr. KEATING. I mentioned one, that was the Teamsters, that compare with our parcel post man and our collectors. I can't think of anyone offhand that could compare with the duties of a letter carrier. It is a peculiar occupation, a different type occupation. I think perhaps some consideration ought to be given to establishing some sort of index.

Generally speaking, at least some years ago our pay ran more or less hand-in-hand with what the police were getting. That is no longer true. They have gone ahead of us in most of the larger cities and have had increases that have exceeded those we have received, but at the same time, I think perhaps consideration ought to be given to establishing some sort of a general index.

If we are going to go on a percentage basis, it ought to be a more general index that would give the Government employees a better system. The difficulty with the present act, Congress has stated the pay should be comparable and then it was turned over to the administrative branch of the Government to decide on the ground rules. They turned it over to BLS to make the studies and they are a very objective organization and do an excellent job but after they get them from BLS, the Budget Bureau and the Commission decide who the comparability is with, the measure of comparability. One study shows the recommendation for comparability in GS-5 should have been 2.9 and at the same time the recommendation here comes up 2.4.

I think we need more rigid rules and regulations, if we are going to continue to maintain comparability as a system to establish wages. The system we have now is completely unsatisfactory.

The CHAIRMAN. Shifting the fringes, you feel, I believe, as I do, that it is inequitable to charge against the ceiling the advances that have occurred in the cost of the health program that the Government participates in with the employees, do you not? It is listed as chargeable against the guideposts; it is not granting a new benefit to the



employee but is merely meeting the rising costs of the benefit given them many years ago.

Mr. KEATING. I agree with you there. I think what has happened in that field is that all the increased costs have been borne by the employees.

The CHAIRMAN. We are up against about \$38 million in the House bill that the administration claims goes beyond the guideposts. There is \$5 million on uniform allowance. That is a charge made last year against the pay raise and then again this year. It does not belong in the calculation.

How do you evaluate the social security transfer of credit? I put a very high evaluation on it. I think it should be beyond the guideposts because it is something that we require private employers to provide for their employees under penalty of law.

Mr. KEATING. That is right, and it is a prospective cost. It won't be made out of revenue. It will be paid out of the employer's contribution and the social security funds.

The CHAIRMAN. We will have to reimburse the social security funds for the Federal part.

Mr. KEATING. That is a retirement system, but it does not require an immediate outlay of money by the Federal Government.

The CHAIRMAN. The worker will be paying in all the time?

Mr. KEATING. We were told in the discussion with people from the Bureau of the Budget, Mr. Macy and Mr. Schultze, that social security was not considered a guideline matter when the guidelines were first issued and retirement should not be considered, improvement in retirement and social security should not be charged against the guidelines. There has been a little change in their thinking in that area—but that is what we were told, very definitely told.

The CHAIRMAN. If the committee has to find places to reduce costs to get within the President's guidelines, is there any line of action you can propose? We certainly don't want to take it out of the cash increase in salaries. I think any reduction would have to come in fringe benefits.

Mr. KEATING. That is a most difficult question. You don't know, when you cut, if you are going to hit an artery. We are affected by some parts others are not affected by, and it would be unfair for me to make a suggestion involving anybody else. I think everything in here that has to do with the letter carriers is fully justified and very modest in every respect.

The CHAIRMAN. The only place you come into it, other than retirement features, would be under the salary increase and the uniform allowance. Is that right?

Mr. KEATING. That is right.

The CHAIRMAN. I can readily see why you would not like to point out any specific area of reduction.

Senator YARBOROUGH. I have heard reports that letter carriers had difficulty living on their salaries and that some of them had to resort to moonlighting. Do you have any data on the moonlighting by letter carriers?

Mr. KEATING. There was a study made recently by the Commission that indicated that the postal employees did more moonlighting than any other employees in the country.

Senator YARBOROUGH. You mean public or private employment?

Mr. KEATING. Both. There was a study made that showed that moonlighting had gone up substantially in the entire country, and I will be glad to furnish the information on that.

Government workers are moonlighting more than the private employees and postal employees are moonlighting more than other Government employees.

Senator YARBOROUGH. That was not because the postal work was so light they ended the day feeling they had not done anything?

Mr. KEATING. No, I heard many of them say they wish they could get enough pay so they wouldn't have to moonlight.

Senator YARBOROUGH. A letter carrier in suburbia is pretty tired when he finishes a day's work?

Mr. KEATING. That is right.

#### STATISTICS ON MULTIPLE JOBHOLDERS

The Monthly Labor Review of February 1966, published by the Bureau of Labor Statistics, carried an article entitled "Multiple Jobholders in May 1965," written by Forrest A. Bogan and Thomas E. Swanstrom. This article contained the following information:

"Primary job. In May 1965 about 8 percent of the workers in agriculture and 5 percent of those in nonagricultural industries held two jobs or more. As in previous years, the highest multiple jobholding rate was among workers in public administration, particularly postal workers (table 3)."

Table 3 which accompanied the article indicated that 11.2 percent of all of those who hold extra jobs are in the postal service. The next largest percentage was found in the field of public administration with 9.7 percent. There were 24 different occupations listed.

The authors of the above-mentioned article supplied us with the following additional information on postal workers:

	Number	Percent
Total postal workers of all kinds.....	636,000	
Number with dual employment whose postal job pays more than their secondary job.....	71,000	11.2
Number with dual employment whose postal job pays less than their secondary job.....	48,000	7.5
Total.....	119,000	18.7

Generally, the pay in a secondary job is less than in the primary job, and it is rather surprising to learn that 48,000 postal employees with a second job get more pay on the second job than they do in their work as postal employees.

Senator YARBOROUGH. You referred a few minutes ago to this difficulty of recruitment of new workers, letter carriers, postal employees in the cities, and said you could furnish 40 cities with that difficulty. That difficulty is actually widespread in all large cities, is that right?

Mr. KEATING. That is right.

Senator YARBOROUGH. The beginning salary is \$431 a month, is that right?

Mr. KEATING. That is right.

Senator YARBOROUGH. Roughly \$5,180 a year?

Mr. KEATING. \$5,181.

Senator YARBOROUGH. You mentioned one post office examination where they ended up with two candidates—one woman and one man. How many had taken the examination?



Mr. KEATING. It was a good-sized city and I think they were looking for 50, they came up with only 2.

Senator YARBOROUGH. Two that qualified?

Mr. KEATING. That is right.

Senator YARBOROUGH. They are not deliberately trying to disqualify them?

Mr. KEATING. They are lowering the standards of the examination in some areas, which I think is a shame and a mistake. In the Greater New York area they give a less-difficult examination than they used to take in order to get people who can pass it. We would like to see the standard maintained, we think it ought to be a high standard. I think that probably has something to do with some of the complaints of poor service. That matter was brought up yesterday in the complaint of poor service and I think that is one of the factors.

Senator YARBOROUGH. This lowering of standards is taking place—for the entry into the postal service—at the time when we have a higher percentage of our young people finishing high school and college than ever before in history?

Mr. KEATING. That is right.

Mr. RADEMACHER. I think the question is not so much "Are you able to recruit?" as it is "Who are we recruiting?" For example, in Detroit, Mich., there are 100 employees leaving the postal service every month according to the top officials.

Senator YARBOROUGH. Is that because of age and retirement?

Mr. RADEMACHER. No; to go into private industry.

Senator YARBOROUGH. Get more pay in private industry?

Mr. RADEMACHER. Yes; they are using the post office as a stepping stone into a higher place. There are at least 40 offices with recruitment problems, but who are we attracting?

Senator YARBOROUGH. Go ahead and discuss that.

Mr. RADEMACHER. We are attracting people in many areas just using the post office as a stopgap. They know here is employment, they can draw a check or two until something opens up in an area where they are more interested in working. We are concerned not only with the fact we can't recruit people, we are concerned with the fact we are not recruiting career-minded people that would like to remain with the post office and give the service we need.

Senator YARBOROUGH. Do you think this low-entrance pay is used as a meal ticket for a while until the people can find a better paying job and is reflected in the postal service we have had complaints about?

Mr. KEATING. Definitely.

Senator YARBOROUGH. Do you think this low money saves the Government money in the long run?

Mr. KEATING. I think it costs them money in the long run.

Senator YARBOROUGH. In the lower average efficiency?

Mr. KEATING. Yes, and the cost to recruit people. It is costing more to recruit them than to pay overtime.

Senator YARBOROUGH. After they are recruited it takes some time to train the people?

Mr. KEATING. By the time they are trained, they are ready to leave for higher pay in industry.

Senator YARBOROUGH. How long does it take to train a letter carrier? Haven't we had data about that in past years: what it costs to train a letter carrier, letter carrier trainee, or clerk?

Mr. RADEMACHER. Because of the many types of work a letter carrier now performs, including mechanized routes and so on, it takes at least a year to train a new employee—letter carrier—in all phases, because the substitute is required to work anywhere there is a vacancy that particular day. He doesn't know whether he will drive, be a foot carrier, or what job he will take that day. It takes at least a year for him to become skilled, then he sees a better opportunity as a street sweeper, or going around and collecting nickles. He leaves the service and it costs the Department money for all that training. Nothing is gained for this type of recruitment.

Senator YARBOROUGH. Do you have any data on that on the cost of training?

Mr. KERLIN. The Bureau of the Budget at one time estimated the initial recruitment of an employee amounted to \$400. The entrance salary of a letter carrier is \$5,180 and clerks the same amount. The first year's salary is \$5,500; that includes recruitment. It has been estimated the efficiency is 50 percent, so the cost is \$2,750 estimated lost for each employee recruited.

Senator YARBOROUGH. Each letter carrier, I take it, according to your statement, must be qualified to walk or drive a route. A letter carrier has to be competent to go on whatever kind of route he is scheduled for?

Mr. KEATING. Yes; he has to be able to go on any of those routes.

Senator YARBOROUGH. He has to be physically fit and mentally alert in order to handle this mail. It takes both the mental and physical capacity to fill the job?

Mr. KEATING. I might point out that nowadays in every city they are required to have a valid driver's license and in many cities they are required to have a chauffeur's license because they all do more and more driving; all the men are doing some driving. That is a requirement in many States. If anything goes wrong with any of these licenses the man is out of his means of a livelihood. There is a tremendous variety of work. They have to be familiar with a lot of regulations. They have to be able to answer questions asked them by the public and they have to, of course, case the mail.

They have to have a good memory to remember the addresses of not only the people that live there, but that used to live there, to handle the route properly. It takes a great deal of time to learn a route properly.

Senator YARBOROUGH. A man has to have a memory. He can't take a book to go from door to door to remember who lived there?

Mr. KEATING. They have a book but that is at the office.

Senator YARBOROUGH. Yes. He can't take it. He has to memorize those before he goes out.

Mr. KEATING. If you take an apartment house or rooming house route where people move rapidly, sometimes there are several books these people have to resort to, to find addresses. Then, of course, it is more difficult to memorize the names of patrons there than on other routes.

Senator YARBOROUGH. To save time, I will associate myself with the remarks made by the Chairman here concerning the Department's failure to increase the uniform allowance.



Mr. KEATING. We thought it was presumptive.

Senator YARBOROUGH. I waive any further questions at this time.

Senator CARLSON. Mr. Keating, you made a very excellent statement in regard to the needs and problems of the workers of this Nation. As I listened to your statement and your comments regarding this legislation I rather believe you feel like some of the members of this committee, you are not happy about it yet you urge the committee to approve H.R. 14122, is that correct?

Mr. KEATING. Yes, sir. That is correct.

Senator CARLSON. I am getting concerned about the pay legislation, not just this year but as we get back it is getting more consistently difficult to try to get comparability in these pay schedules. Last year we passed across the board 3.6; we didn't get down to cases and pick out grade 4, grade 5 and try to get comparability. It seems to me if this is the situation confronting this committee and the Congress, we are going to get further and further away from comparability. We get orders—this is not a critical statement—we get orders from down below, so much across the board. I think the executive department, should let the Congress write the legislation and, if they don't agree, they have a right to veto and we can write it again. It seems we are on a treadmill, we are moving closer but not getting comparability as we go along. I have been on this committee a great many years.

Mr. KEATING. It has been a delusion, I think you are a thousand percent right. It has not worked the way it was said it would work or the way the people hoped it would work.

Senator CARLSON. Here we are again passing a pay bill on figures arrived at last March 1965. Here we are in April, 1966, trying to get an increase for our Federal workers and talking about comparability. We need to get this updated where we can give consideration to factors which are prevalent at the time we are writing the legislation. I don't think there is any question but that this first quarter had the highest increase in cost of living since 1958.

Mr. KEATING. We are going to ask you to consider moving the letter carriers up to level 5. I think that would have a wholesome effect and help our problems. This year, of course, there was not time, the question is rather complex. In the time permitted we didn't feel we had time to completely explore the situation with the Members of Congress.

We had the experience we believe this pay increase should be considered early enough by the Congress so the Members of the Senate and House can work their will. When you get up, as we have on occasion, up against the elements of time it is generally hard to work out legislation on a satisfactory basis. When your legislation is the last thing that comes up it is difficult to consider. That was one of the factors last year, that we were as late as we were.

Senator CARLSON. I am familiar with this committee and I appreciate the problems confronting the Nation this year, but I have some question about these guidelines discussed this morning; I don't believe they belong in the pay bill, health benefits, social security, retirement. That is something for the committee to determine.

Again I say you made an excellent statement.

The CHAIRMAN. Senator Burdick?

Senator BURDICK. I too appreciate the testimony you and Mr. Rademacher gave this morning. I have a few questions.

In the testimony of Mr. Murphy yesterday, he said that in general the increases in levels up to PFS-4 resulted in full comparability.

In your testimony this morning you seem to have some doubt on that basis whether full comparability has been reached?

Mr. KEATING. We think it would take a minimum of 7 percent to reach full comparability. The figures are in the study as of February and March of 1965 on which the comparability is based so when they are talking about full comparability it is a year old already. On top of that, much of the study that went into providing these figures according to the statement of BLS in this book, a lot of the figures were taken back in 1964. We question the basis of comparability as well but even on the basis of comparability the Government witnesses in previous hearings have always testified that they were about 2 years behind and all of a sudden I don't know where these years disappeared to, but they had full comparability. There isn't any full comparability and there is no real comparability as far as we are concerned in this method of establishing salaries.

Senator BURDICK. I thought your argument for dollars and cents was well taken also.

Is it your recommendation that the 2.85, whatever increase it is, apply equally to all levels?

Mr. KEATING. Yes, I think they all should get an equal amount but 2.85 is not as much as it should be, but we think everybody ought to get 2.85 percent. We don't think there is any justification for the 1 to 4 percent suggested by the administration.

Senator BURDICK. Do you suggest we change that ratio on all levels?

Mr. RADEMACHER. The bill provides that now, across the board for all. The administration wanted 1 percent to 4.5 percent and the House made it straight across the board.

Senator BURDICK. You are satisfied with the way it is at the moment.

Mr. KERLIN. It is better than the 1 percent in the administration bill.

Senator BURDICK. Thank you.

The CHAIRMAN. Senator Fong?

Senator FONG. I want to commend you for a very strong statement for your organization. As I understand it, although you feel there should be a 7-percent increase, you are willing to go along with the 2.85 increase as set by the House?

Mr. KEATING. Under the circumstances we will agree to go along with it. If it is the best we can get.

Senator FONG. From your statement, you don't think comparability will work as far as you are concerned?

Mr. KEATING. It's been a complete failure.

Senator FONG. In 1962, when that philosophy was broached to the committee, how did your organization stand?

Mr. KEATING. We said we thought it was the best way—there were other ways discussed considering the cost of living, other factors, and we thought comparability would work all right but we pointed out then there was no comparability, as far as letter carriers were concerned, there was nobody to compare us with. They admitted that, it is just a dogmatic decision to compare us with GS-5, there is no relationship whatsoever in the duties of the two groups.



Senator FONG. You feel that the classification the Civil Service Commission started off with is incorrect and places your letter carriers at a very low position in a very low starting salary? If the Commission placed your letter carriers in a very high position comparability would then work?

Mr. KEATING. I think you have to give a little stricter rules. There are too many decisions left to administrative decisions. I feel the way the law is now after Bureau of Labor Statistics makes their recommendation, then, of course, the recommendations given to the President are subject to budget requirements and many other things. I think that the President ought to get a recommendation and that recommendation ought to be published and then, if for budget reasons it has to be cut, that should be known. It should be 5 percent but we can't afford more than 2.8, whatever it is. I think the practice of taking Bureau of Labor Statistics and carving it up to suit yourself in the administrative branch is entirely improper. That is my opinion.

Senator FONG. Yesterday there were charts before us according to the House bill, those in PFS-4 step 1 through 4 would have attained 100 percent comparability, you don't agree?

Mr. KEATING. No, I don't think anybody obtained it. I think there is more needed to provide full comparability. I think the Government has the responsibility to its employees, the fact that the average in certain areas may bring down the general average, I still think there should be some consideration as to whether the pay is fair or not.

Senator FONG. You feel as far as people you represent they are not getting an adequate wage in view of the high cost of living?

Mr. KEATING. That is right.

Senator FONG. And that there would be mounting cost of living, the increases we have given them, percentagewise is not commensurate with the high cost of living?

Mr. KEATING. It is wiped out already.

Senator FONG. Thank you.

The CHAIRMAN. Senator Simpson?

Senator SIMPSON. Do you have any information on the increased cost of living and the across-the-board increase?

Mr. KEATING. Dollar for dollar across the board?

Senator SIMPSON. Yes.

Mr. KEATING. We favor that. The argument was made it was unfair. We use to get across-the-board increases but have not had one for a long time. It was quite common a few years ago. When Senator Monroney and Senator Carlson first came on the committee that was the practice. In later years we have gone to percentage and the argument favoring that was you were compressing the salary scale. Of course, it is true that perhaps there are factors that make a flat increase not always equitable but certainly when there is a low amount of money I think a flat increase is a fair and more equitable increase than any other kind.

Senator SIMPSON. Do you think there would be a necessity of a hearing on a bill of this proportion with the various ingredients inherent in it if we had passed the House-passed bill 10281 of last year which was reduced, if you will recall?

Mr. KEATING. I think if that had happened it would not be as necessary.

Senator SIMPSON. Would you repeat that?

Mr. KEATING. I think it would not be as pressing. There were two steps in the House bill in 1965.

Senator SIMPSON. You recall we were told at that time we faced a Presidential veto, and we believed that. I was opposed to it and stood out to the very end on that matter.

Now we have the instance that there may be a veto if we change from the guideposts set forth in the President's bill. I propose to take the House bill because it is more adequate in many respects.

I notice in Mr. Murphy's statement he spent some four pages of testimony belaboring the situation with respect to allowances of uniforms and the other ingredients. He must have given some thought and had something in mind. Let me ask you, Mr. Keating, could any appreciable saving be made by employees using the Government-recommended uniform rather than using the higher figure alluded to in Mr. Murphy's testimony, could there be an applicable reduction there?

Mr. KEATING. I don't think there would be any saving; the cost of uniforms is very high, and there have been many things discussed in the way of saving. The allowance, of course, as Mr. Rademacher pointed out, is not sufficient. To illustrate, a two-piece uniform, a doeskin uniform costs \$88.50. It costs \$88.50, and the carrier has to buy new uniforms quite frequently.

Senator SIMPSON. He accused some employees of cheating and perjuring themselves on false affidavits. How many would that include?

Mr. KEATING. There were a limited number of people involved, and very often it was the fault of the vendors, to a great extent, that there was any cheating whatsoever. We think perhaps—and we did suggest when this uniform allowance first went into operation—that a good way would be for the Government to pay the vendor directly and keep a little closer watch on them. Instead we have a system that is not too good a system whereby the man buys the uniform and turns in a receipt, and he is paid on the basis of the receipt. The vendor, very often, is anxious to get the money quick and urges him to take something else so he can get more of the dollar. If a man has a hundred-dollar allowance and he spends \$60 he knows he has \$40 left.

Senator SIMPSON. Is that widespread?

Mr. KEATING. No; it is very limited.

Senator SIMPSON. Under Public Law 89-301, we raised the allowance from a hundred to \$125.

Mr. KEATING. We think the Government could pay the vendor direct and do away with a lot of the chicanery. The system we have now is a little complicated; we have never been satisfied with it, and it has reduced some of the evils we thought it would, but it is on a limited basis.

Senator SIMPSON. You disagree with Mr. Murphy that there are far too many?

Mr. KEATING. If there are two, there are far too many. I would say if there is one there is far too many.

What he meant by far too many, I don't know. It is on a very limited basis, it occurred in certain areas and usually where it occurred we found some vendor has been stirring it up.



Senator SIMPSON. That is all.

The CHAIRMAN. Any further questions by the committee?

Senator YARBOROUGH. When you entered the postal service, did you enter as a letter carrier, Mr. Keating?

Mr. KEATING. Yes.

Senator YARBOROUGH. Were there any college graduates entering at that time?

Mr. KEATING. Yes; we had them at that time, and later on we had a lot of them.

Senator YARBOROUGH. Were there sizable numbers then?

Mr. KEATING. Yes.

Senator YARBOROUGH. Were you a college graduate?

Mr. KEATING. Yes.

Senator YARBOROUGH. Do you have college graduates now applying to get on in the postal service?

Mr. KEATING. Not many.

Senator BURDICK. I would like the committee to know Jerry Keating was a classmate of mine at the University of Minnesota; I can verify that.

Mr. KEATING. Mr. Burdick is quite well known, both he and his father played football with the Gophers. They had some good football the years the Senator was there.

Senator YARBOROUGH. I just wanted to illustrate this problem with pay.

Mr. RADEMACHER. I am not a college graduate, but my father was a letter carrier.

Senator YARBOROUGH. Are you having as much trouble recruiting the sons of letter carriers as when you entered the service?

Mr. RADEMACHER. They are going elsewhere.

Senator YARBOROUGH. In your generation the sons were glad to get in as a letter carrier to follow the footsteps of the fathers?

Mr. RADEMACHER. They can't afford it now. They are no longer interested.

The CHAIRMAN. I understand you have established scholarships?

Mr. KEATING. Yes, sir.

The CHAIRMAN. It has grown to 18?

Mr. KEATING. Yes, sir.

The CHAIRMAN. I understand there are 16,000 applications of qualified young men for these?

Mr. KEATING. Yes. We hope to enlarge our scholarship program as time goes on and encourage sons and daughters of letter carriers to go to college.

Senator YARBOROUGH. The practice in the past has been to recruit men like Mr. Keating and these others here. They have great difficulty now getting people with the same level of education and drive and capability; I think this ought to be considered, that salary has a lot to do with it.

Mr. KEATING. I would like to mention that our scholarship committee happens to be in the city at the present time going over the applications of those that applied for scholarships, and they are in the audience listening to the hearing. They are William Simpson of Illinois; Louis Maranaho of Massachusetts; and Clarence La Pinske of Wisconsin.

The CHAIRMAN. Thank you, sir, we very much appreciate your testimony.

The CHAIRMAN. Our next witness, and we would like to conclude with his testimony before we recess, is Mr. Patrick J. Nilan, legislative director of the United Federation of Postal Clerks, AFL-CIO.

**STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR,  
UNITED FEDERATION OF POSTAL CLERKS, AFL-CIO; ACCOMPANIED BY JACK LOVE, SECRETARY-TREASURER AND JOSEPH THOMAS, DIRECTOR**

The CHAIRMAN. Would you come forward? I believe you are accompanied by Mr. Love and Mr. Thomas.

Mr. NILAN. Yes, sir.

The CHAIRMAN. We are happy to have you. You may proceed in your own way.

Mr. NILAN. Thank you, Mr. Chairman.

We welcome the opportunity to be heard once more by this distinguished committee of the U.S. Senate on the subject of employee compensation. One which is so vital to the welfare of our postal clerk membership, and indeed to all Federal employees in general. I am accompanied this morning by Mr. Jack Love, the national secretary-treasurer of our United Federation of Postal Clerks' Hospital Plan, and Mr. Joseph Thomas, director of organization for our union, here in Washington.

I am appearing before the committee this morning as legislative director of the United Federation of Postal Clerks, AFL-CIO, the exclusive national representative of the Nation's 245,000 postal clerks, under the terms of our national agreement with the Post Office Department. This agreement, of course, does not cover the general area of wages, a subject which Congress quite properly, in our judgment, has retained in its own jurisdiction. The members of our union have complete confidence in the wisdom and the judgment of Congress to legislate in the area of employee compensation, and it is our sincere hope that Congress will retain complete jurisdiction in the area of compensation legislation.

Mr. Chairman and members of the committee, the members of our AFL-CIO postal clerks' union would certainly be ungrateful if we did not take this opportunity to express our heartfelt appreciation and complete support of the bill H.R. 6926, amended by this committee and subsequently approved without objection by the U.S. Senate. H.R. 6926, as amended by this committee is a considerable improvement over the original bill, since it now provides more realistic and liberal life insurance benefits for Federal employees, consistent with practices in the private sector. It is our hope, Mr. Chairman, that the U.S. House of Representatives will concur in the Senate amendments to H.R. 6926, and this legislation will be enacted into law prior to the adjournment of Congress.

Mr. Chairman and members of the committee, we appear before you this morning in support of H.R. 14122, and request this committee to favorably report the legislation to the Senate. We would hope the bill, H.R. 14122, would be reported out by this committee with little or no change in the basic provisions of the legislation.



' We would like to address our remarks this morning to the three basic provisions of H.R. 14122, which not only directly affect the membership of our union, but also all Federal employees. The three parts of the pending legislation with which we are primarily concerned, include salary adjustments, retirement and increased Government contributions to the Federal health benefits program.

Over the years, the U.S. Congress has continually demonstrated its interest and desire to attain realistic and meaningful comparability between postal and classified pay schedules in the Federal Service and the national average rates of private enterprise with those whose training and duties are most comparable with that of our postal clerk membership. We say this, Mr. Chairman, recognizing at the same time that the postal clerk, because of his unique skills has no specific counterpart in the private sector of the economy.

In recent years, the United Federation of Postal Clerks has totally and unequivocally supported the comparability principle first recommended by our late President John F. Kennedy as embodied in the Federal Pay Reform Act of 1962, and subsequently endorsed in principle by President Lyndon B. Johnson. We desire, at this time Mr. Chairman, to reiterate our support for true, and most important, current comparability, of postal clerk salaries; even though we cannot agree that our membership today, or since the Salary Reform Act of 1962 was enacted, has enjoyed realistic and current salary comparability.

We believe that most postal and Federal employees are truly appreciative of the many forward steps taken by the administration and the Congress in recent years toward better pay for postal and classified workers. We are ever mindful and grateful for the interest and initiative of President Lyndon B. Johnson, and before him, President John F. Kennedy, in this and related fields of employee endeavor. We recognize also that the best interests and welfare of all employees of the Federal Government are of paramount interest to the Congress, as well as the President and the administration generally.

We endorse the 2.9-percent across-the-board salary adjustments provided in H.R. 14122, as the minimum salary increases which should be provided for our postal clerks during 1966. We say minimum, Mr. Chairman, because if conditions were different than exist today, such as the Vietnam situation and other conditions which our Government and its economy are confronted with, we certainly believe a much more substantial salary adjustment would be considered by the Congress and we would hope also by the administration.

According to the most recent BLS survey Federal salaries were lagging between 2½ and 3 percent behind the wage paid in private industry as of March 1965. Assuming, as I think reasonable, that the normal annual increase in industry salaries has been 3 percent, we take the position that a pay raise effective right now of 6 percent would be the minimum necessary to bring Federal salaries reasonably into line with those currently being paid in private industry. In addition, we believe that there has to be an additional upward adjustment of at least 1 percent in order to reflect changes now taking place.

The Bureau of Labor Statistics uses the February-March period for reference months each year in analyzing and reporting wage increases in the private sector. However, the statistics used in support of the February-March reference point has been accumulated from

the same reference point 1 year earlier. In other words, the criteria for the suggested 3.2-percent wage-price guideposts with an administration recommended effective date of January 1, 1967, are based, to a large extent, on calendar year 1964 and the first 3 months of 1965.

Mr. Chairman, we suggest salary increases approved this year should in the interests of Christian justice and equity be made retroactive to not later than April 1, 1965, even then it could be argued postal and Federal employees would still lag up to 12 months behind certain segments of the private sector where increased wages were negotiated in 1964.

To further point up this severe discrepancy in adjusting Federal employee salaries on a current basis, the Labor Department in July 1965, made a preliminary report which demonstrated conclusively that during the first 6 months of 1965 new labor contracts—which are used in BLS surveys—negotiated with private industry provided median wage increases of 4 percent. These wage gains for the April-June 1965 part of the 6-month period will be used in the February-March 1966 BLS report expected in November of this year. And we are still talking here only of a 3.2 percent across-the-board wage and fringe benefit increase for Federal employees almost 1 year later.

The April 25, 1966, U.S. News & World Report announces the administration's wage guideposts are being ignored in the private sector, as wages of union workers are now rising faster than at any time in the last 8 years. I would like to quote in part, if I may, of this timely news report as follows:

This was the finding of the Bureau of National Affairs, Inc., in a study of 522 contract settlements negotiated during the first quarter of 1966.

For industry in general, it was found that cash raises, excluding fringe benefits, averaged 9.1 cents an hour, or 1.4 cents an hour above the average for the first quarter of last year.

Not since 1958, when cash raises averaged 10.2 cents an hour, has the first-quarter average been as high as in the first 3 months of this year.

Construction settlements, as usual, are running well above the general level. This year the average raise in construction has been 17.8 cents an hour—the highest figure since BNS began checking construction settlements in 1959.

For manufacturing alone, the average this year has been 8.9 cents an hour, an increase of 1.3 cents from a year ago.

In nonmanufacturing industries, excluding construction, the average settlement was 10 cents an hour this year.

The BNS predicts that "the outlook is for continued large wage increases in contract settlements. Virtually all of the facts bearing on collective bargaining point to this development. Union demands are running much higher than a year ago, despite the administration's wage-price guideposts."

Mr. Chairman and members of the committee, our people, as loyal hard-working American citizens, certainly have no desire to contribute in any way to an inflated economy. However, it is difficult for us to explain the rigidity of the 3.2 percent wage-price guideposts to our members when the Government insists they be applied to postal and Federal employees, even though, as Budget Director Charles L. Schultze stated before this committee on April 20, 1966, "The Federal Government does not have authority to impose ceilings on wages and prices" in the private sector.

Therefore, even if the 3.2-percent guidepost was accurate as of March 1965, and we have some reservations about it, there is every indication the guidepost as of March of this year may be 4 percent or better. Certainly, the July 1, 1966 effective date proposed in H.R. 14122 with an "across the board" 2.9-percent salary adjustment and



the fringe benefits provided therein are neither inflationary nor outside of what our people were entitled to as of, at least 15 months before, April 1, 1965.

One of the subjects to which I am addressing my statement this morning is the general question of "comparability." Over the years, the Congress has demonstrated its awareness of the need of attaining realistic and meaningful comparability between postal and classified pay rates in the Federal service and the national average rates in private enterprise for equal skills, training, and duties most comparable with those of our membership. But if the application of such a comparability test awards to some workers—some postal clerks—less than they are entitled to under the administration's proposed wage guidelines, doesn't it fall short of the mark?

The wages of postal and Federal employees have for years lagged far behind the wages of comparable employees in private industry. Salary increases, when they have been granted, have always been a year or 2 years, or more, behind the times. If postal employees were to be granted a wage increase today that would make their current wage comparable with the wage paid to employees in private industry for work requiring the same measure of skill, training, and intelligence, they would receive increases of at least 7 percent.

Instead, this committee has before it legislation which would raise Federal wages by 2.9 percent. Statistics upon which this recommendation is based were gathered by the Bureau of Labor Statistics during a period which ended in March 1965. For the most part, therefore, they reflect the wage paid during the year 1964. It was a wage higher than Federal and postal employees were paid during the year 1965. However, the administration proposal would only make the wage paid in private industry in 1964 payable to Federal employees, effective January 1 of 1967, thus further widening the existing pay gap.

Adopting the administration recommendations and making them effective as of right now would at best raise Federal salaries only to a level that existed in private industry at the time the survey was made. It would not relate the Federal wage to the wage currently being paid in private industry. If the increase is delayed until January of 1967 as has been proposed, the lag will be increased another year. We believe that any increase should be effective not later than July 1, 1966.

We believe that the Congress and the administration have a responsibility to see that the current 2 or 3 year lag is eliminated. The Congress and the administration must recognize that a timelag of 2 or 3 years makes true comparability impossible. In point of fact, comparability will never be attained until wage increases are made retroactive to the time of the Bureau of Labor Statistics Survey. Anything less than this means that Government employees will be deprived of income they should have received during the period covered by the survey and prior to adjustments being made.

The Salary Reform Act of 1962 established procedures for periodic wage adjustments, based on annual surveys by the Bureau of Labor Statistics from which the Bureau of the Budget and the Civil Service Commission would make recommendations to the President for necessary changes in the wage structure that would insure comparability between the wage paid in private industry and the wage paid by the Federal Government for similar work.

We endorsed the principles of the 1962 Pay Act because we had hopes that under the inspired leadership of President Kennedy, and with the assistance of the then Secretary of Labor, Mr. Arthur Goldberg, that at long last there would be an opportunity to put Federal and postal employee wages on a basis that would insure at least a measure of economic justice. As a result of the experience we have had, I am not at all sure that we would again endorse such a proposal, as we certainly have not benefited from the 1962 Pay Act as I am certain the Congress intended.

The simple truth is that the principle of comparability has not worked. It has not been allowed to work. Comparability has been sacrificed to budgetary expediency, to guidelines, to delays. As far as we are concerned, it can be put in a "deep freeze" until such time as this committee can give it further study.

If I may deviate from the prepared text I would like to join with my colleague, the president of the National Association of Letter Carriers, as we did on the House side, and urge this committee to make a study of the many facets of comparability and also the 1962 Reform Act which contributed to this principle. We feel it needs a complete reappraisal and urge the committee to consider that recommendation of that organization.

We despair of ever achieving true comparability for post office clerks under the present act. Presently, the vast majority of our people are in PFS level 4, which by "linkage" is equated with level 5 of the GS schedule. GS level 5 represents for the most part an extremely low-salaried white-collar group, people it would be extremely hard to find in the postal service. The work that our people do would more appropriately be compared to the blue-collar, skilled trades group, for which there is no counterpart in the GS schedules. Comparability, if it is to mean anything at all, requires that the comparison be of like things. You cannot compare an apple and an onion and say they compare with each other merely because they are of approximately the same size and weight.

It seems to us, therefore, that there is a pressing and immediate need for a complete reappraisal of the 1962 Salary Reform Act in the light of the experience of the past 4 years. We believe that such reappraisal would result in significant amendments to the act. I am confident that such a study would, in the case of our people at least, provide a more realistic formula for comparing and determining future wages. I hope that this committee will give early attention to a complete reappraisal. In the meantime, the entire theory of comparability can be put on ice because it isn't working anyhow.

In the face of growing signs of unusual prosperity, the President has strongly and repeatedly emphasized adherence to the administration's guidelines. The guideline figure has been decreed to be 3.2 percent, which is supposed to approximate the rate at which productivity has been increasing throughout the Nation. We understand, however, that the Nation's productivity increase would have been calculated at 3.6 percent if the Council of Economic Advisers had used the same formula it used in every single previous year in which it has ever calculated guidelines. The credibility of the administration's wage policy was not improved by the Council's explanation that it would simply be "inappropriate" to raise the guidelines.



The claim is that a 5-year period for calculating productivity is not long enough. We're not going to argue the merits of a longer or shorter period of time calculation. But postal workers and all Government workers are living in the "here and now" and they simply need and deserve their fair share of the Nation's increasing productivity in order to help them fulfill their hopes and aspirations, and further, to permit them to continue to enter consumer markets with their dollars to help perpetuate our country's high levels of production and prosperity.

Organized labor has opposed the Government's wage guideline policy as prejudicial and unfair to labor, unjustly permissive to management, and tending to award the major benefits of prosperity to investors, managers, and employers in general, while denying a fair share to wage earners.

By discarding its own rules for calculating the wage guideline—

States a recent report of the Economic Policy Committee of the AFL-CIO—

in flagrant effort to keep it low, the Council of Economic Advisers has destroyed the guideline's credibility, has helped to accelerate the shift of incomes away from wage and salary earners to other groups in the economy, and has added to imbalances that can undermine healthy economic growth. Neither trade unionists nor members of the public at large can be expected to accept such a one-sided shift in the method of arriving at the guideline figures.

The theory supporting the "guidelines" is that average worker earnings should increase to the same degree that average productivity increases. Or, stated another way, when productivity increases—when output per unit of input, per worker, increases—the gains of this increasing productivity should be shared with the workers. It should be recognized that when there is increasing productivity—and there certainly has been in recent years—the gains of it accrue immediately to the employer. He already has "his," so to speak. Increased productivity, whether it be in government or private industry or business, is a matter of fact. It is then the responsibility of the employer, in government or elsewhere, to pass these gains on to his workers who help make them possible—to share the gains. The employer can do this by lowering his prices—and I must say we have to look hard and long to find cases of this—or by increasing his wage payments to them.

We are painfully aware of that fact that the wage-price guideline on which the administration recommendations are based currently, provides for increases of not to exceed 3.2 percent. This is the guideline that has been set up for all wages—public and private. However, there are very significant differences in application.

In the private sector, the wage-price guideline is applied solely to workers. It is not applied to management, and management wage increases have far exceeded the guideline. In the Federal sector, it is proposed to dilute the value of the 3.2-percent guideline by making it applicable not only to workers, but to management as well, and to give management by far the largest dollar and percentage increases.

We propose that the maximum increases allowable under the guideline be applied across the board as presently provided in H.R. 14122, and solely to those in the nonmanagerial levels. We do not believe there is any more justification for diluting the possible benefits that

could accrue to postal and Federal workers by including management personnel, than there would be for diluting the possible benefits that could accrue to the steelworkers, for example, by including increases for the presidents and other management officials of the steel corporations in adjusting steel wages.

Spreading the allowable increases under the guideline among exactly the same kind of people who would be covered in a similar situation in private industry, will permit a more realistic division of the available money among postal and classified workers. Management can always take care of itself in other ways—such as upgrading of positions.

This course of action will certainly make possible across-the-board increases to those to whom they would properly apply considerably in excess of those proposed in the President's message to Congress.

I see no purpose at this time in submitting for the record repetitive examples of what the committee already knows. Each member of this committee is fully aware of the changes that have taken place in wage levels in his own and other parts of the country. I am confident that, without exception, every member of this committee knows that wages in private industry have always gone up faster than wages in Government. They know also that private wages are continuing, and will continue, to rise. The simple truth is that Government wages have never kept up with the wages in private industry.

The administration proposes to restrain wages and prices through the device of voluntary wage-price guidelines, guidelines which now seem to be less than valid and certainly suspect. The voluntary feature has more expression outside of Government than inside it, we all know. "Consultation" and the opportunity to make statements before the distinguished members of the committees of Congress, but in the final analysis we can only acquiesce in the bill which is finally passed. We hope we can also applaud what you and the other Members of Congress finally see fit to extend to our members and other Federal employees as a just and fair salary-benefit package, the minimum provisions of which are presently in H.R. 14122.

Labor and wages have not made a net contribution to any inflationary pressures which may exist. This is because the increase in workers' earnings has been less than increases in productivity. In his economic report, the President has stated that unit labor costs in the national economy "have barely moved as gains in productivity have largely offset moderate increases in hourly labor costs." We believe it is even more significant that the economic report showed that in the key manufacturing sector, unit labor costs have been in a declining trend since 1960—having declined eight-tenths of 1 percent in 1965 alone.

It seems clear that in the major industries where productivity has continued to rise; that is, where unit costs have decreased through more efficient production, prices have been set by factors which have little or nothing to do with the labor costs. If this is true, where is the linkage feared by the administration between wages and inflation? Despite this record of relatively stable unit labor costs in the economy as a whole and declining costs of labor per unit in manufacturing, the level of consumer prices has risen over 1 percent per year in recent years and wholesale prices have increased 4½ percent during the past 18 months. To illustrate this distinction between wage in-



creases and price increases, I quote the AFL-CIO Policy Committee's recent report to the executive council:

In unorganized companies wages are set unilaterally by the employer. Where employees are represented by unions wages are determined jointly, through collective bargaining, with the restraint of employer resistance. In addition, millions of employees in major industries are covered by long-term agreements that provide extensive periods of time before they are subject to renegotiation. On the other hand, prices in several key industries are effectively set by a few top executives of the dominant corporations and in many other industries prices respond to immediate market opportunities with little, if any, regard for costs.

When prices are detached from unit costs they cease to reflect efficiency or productivity. It follows then, that the problem of rising prices cannot be attacked by limiting wages to an arbitrary level based upon an estimate of efficiency and costs.

I want to emphasize this because I know a number of members of the committee in the last few days were interested in parts of this which were not available.

The United Federation of Postal Clerks submits that in its efforts to hold down wages through the wage guideline policy, the administration has ignored the main pressure against stability in the economy—prices and resulting excess profits. The Commerce Department reported in February that dividends paid by U.S. corporations during 1965 were up to 10.25 percent over 1964 and totalled \$19.5 billion—and this report covered only 20 industry groups. In a study of 13 major corporations during 1965 (see attachment A) it will be seen that net profits after taxes of these 13 major corporations during 1965 referred to in attachment A, averaged 33.8 percent over the previous year. The profits of some of these corporations were as high as 74 and 76 percent over the previous year.

Quite frankly, we believe that it is going to take more than wage-price controls to do the job. Any burdens should be shared by all, not just those least able to bear them.

Mr. Chairman, I believe you and other members of this committee questioned previous witnesses, including Assistant Postmaster General Richard J. Murphy, regarding cost-of-living increases related to the "BLS Consumer Price Index" for the past year. Since this information was not available from Mr. Murphy and the other administration witnesses during their testimony, we are happy to provide this information to the committee today.

The "Consumer Price Index" as officially calculated by the Bureau of Labor Statistics reports that the cost-of-living has increased by 3 points during the 12-month period from March 1965 to March 1966. This 3-point increase in percentage terms amounts to a 2.75-percent increase during this 12-month period which, oddly enough, is for the 12-month period starting in March 1965, the reference month for the BLS wage survey report and is exclusive of today's 2.9-percent salary adjustment being considered by this committee in H.R. 14122.

I might add for the information of Senator Yarborough, who is interested in the price of food as far as the cost of living index, during the period referred to food actually increased seven points or a 6.5-percent increase in the general food stable items during that past 12-month period.

Speaking as the father of six, we have noted the substantial increase in the food items because, of course, as we all know it is a major item in the living expense of all of us.

If the 2.9 percent across-the-board increase is retained in H.R. 14122, and we hope it will be, this increase would only provide postal clerks with so-called "comparability" with the private sector as of March 1965 (more than 1 year ago). During the 12-month period since March 1965, the cost of living has increased 2.75 percent, for which so-called comparability would provide no wage relief to postal clerk families to compensate for this increase until possibly sometime in 1967.

Mr. Chairman, this is but another example of the hardship our people and their families have been, and will continue to undergo as a result of present wage increase lags.

Increases in consumer prices represent a much greater burden on lower income workers than on higher income employees. Lower income workers have what is called a relatively high marginal propensity to consumer—this means that they must spend all or nearly all of their marginal or last-received dollars to maintain themselves and their families.

Depriving workers of some of the salary increase to which we believe they are justly entitled would make it impossible for them to compensate for the rising prices they have been forced to pay over the last year. Also, it would cause many of them to reduce the hopes and aspirations they have for themselves and their children. When this means a reduced food, clothing, or housing budget, or some children not going to school who otherwise would, we think it is extremely serious and necessarily must receive the serious and sincere consideration of this committee.

Mr. Chairman and members of the committee, we would like to express our support of those sections in the pending legislation which propose improvement of retirement benefits for our postal clerks and other Federal employees. While we endorse all annuity provisions in H.R. 14122, we particularly appreciate those sections providing for optional retirement of Federal workers at age 55 with 30 years of service and at age 60 with 20 years of service without a reduction in earned annuities.

These provisions have long been a goal of all Federal employees and we applaud the administration and the Congress for proposed implementation of these annuity benefits in the pending legislation. Certainly, liberalization of the civil service retirement system is a progressive step by Government and it is our hope the related section of H.R. 14122 will be approved by this committee and the U.S. Senate.

In this general area of retirement benefits, we regret the House Committee on Post Office and Civil Service found it necessary to delete from the bill that section proposing a transfer of civil service retirement credits to social security when an employee with less than 5 years of service is disabled or dies. We understand the only reason for this deletion by the House Committee was because of questions related to legislative jurisdiction.

We believe this provision is most important to the young man, particularly with a family, entering into the Government service without any annuity, disability, or survivorship benefits available to him and his family for the first 5 years of his employment. The civil service-social security exchange of credits is most important to the younger employee. We urge this committee and the Senate to amend H.R. 14122 with such a provision consistent with the original recom-



mentation of the administration and common justice for Federal employees.

I might add, and deviate from the record, I feel particularly strong about establishing protection for the younger man in the Federal service. As late as last fall and early October before Congress adjourned I received a letter from a postmaster in Wisconsin—one of the States I represented as vice president of the association—he was writing about a carrier with 4 years of service. On a physical examination, his wife was told by the doctor he had cancer. She told the postmaster and they were keeping it from the man himself. The postmaster wrote asking if there was some sort of way to get credits for this man in order that he could leave survivor benefits for his wife and children. It was one of the most difficult tasks I had to write him that there was no provision at this time to provide that other than the widow would receive the current contribution to retirement. It is unfortunate in this country that things like that can occur.

I think all Government employees are entitled to basic social security benefits during the early working years of their life to protect their family.

Now, it is our position in the area of health benefits, Mr. Chairman, it is our basic position that even the present provisions of H.R. 14122 to increase the Government's contribution to health benefit plan premiums is inadequate as to amount and timeliness. However, it is gratifying to note that an administration has finally recognized the need for liberalization of Government premium contributions.

Public Law 86-382 was enacted on September 28, 1959, and became effective July 1, 1960. Since these dates, no increase has been provided in the Government's contribution to substantially and considerably increase premium rates of Government-approved health benefit plans. The Federal employee has been required to pay the additional cost alone. We certainly disagree with the administration's proposed two-step increase in premiums by Government in January 1967 and January 1968.

I might add, our organization agrees completely with you and the other members of the committee it is difficult in an area such as "Catch-Up" that health benefits are considered part of the guideposts. In this case a delay of approximately 4, 5, or 6 years in adjusting premiums by the Government points this up strongly.

These increased premium contributions are long overdue, and if delayed until 1967 and 1968 the modest amount of the proposed increases would very probably be used up in necessary intervening health plan rate increases.

The goal of UFPC in this area is ultimate complete payment by the Government of health benefit premiums. Certainly Government should at this time contribute at least an equal share of such costs—50-50—with postal and Federal employees, consistent with what we believe the average practice is in private industry.

As early as 1963, BLS figures show that it was an increasing practice in private industry that all health benefit costs would be paid by the employer. A BLS survey for that year showed that well over one-half of the industries sampled paid all health benefit costs for their employees. We are satisfied that this trend has continued and that noncontributory health plans are more widespread now than they were 3 years ago. While we do not propose immediate assumption

by the Government of all health benefits costs, we do again suggest that payment of 50 percent of these costs would be much more consistent with private industry than the 38-percent level proposed by the administration.

Mr. Chairman, we are including attachment B at the end of this statement, as a partial listing of representative industry which already is paying 100 percent of premium costs for health benefit coverage of their employees and dependents, for the information of the committee.

The Federal Employees Health Benefits Act of 1959 provided that the Government will share in the cost of health benefit plans for its employees, consistent with general practice in private industry. The principle set forth in this act was that the Government's contributions "shall be 50 percent of the lowest rate charged by a carrier" of a Government-wide plan for a low option level of benefits, within a fixed maximum and minimum. An attractive feature of this plan was that employees could purchase (at their own expense) additional benefits comprising a high-option plan the cost of which would be offset, in part, by the Government's contribution to the low-option plan.

While at that time the formula appeared as an attractive feature of the program, it did give rise to a number of unforeseen problems. Those employees, who anticipated lower health care needs, chose the low-option plan and claims against this plan have been so low that premium costs have remained stable since inception despite the steady rise in health service costs.

Since Government contributions are pegged to premium rates for the lowest level of benefits, there has been no increase in Government contributions. This is still the case, after 5 years, despite the fact that for most of those covered for high-option benefits, there has been an increase of 20 to 30 percent in premium rates.

Before November 1964, Government contributions covered 35 to 40 percent of the cost of high-option benefits. At this ratio, an increase in premium rates equivalent to 25 percent, or approximately the amount that premium rates for high-option plans increased between 1960 and 1964, would add 40 percent to the employee's share of the cost.

Since 85 percent of all Federal employees are enrolled in high-option plans, the vast majority of Government workers are presently paying 72 percent or more of their health benefit costs. The administration's plan, as presented by Mr. Macy, would reduce this burden by only 10 percent. It would not, however, attempt to solve the problems caused by the fact that those who need health care least will continue to receive the largest share of relief from the Government. Those who need health benefits most will have to pay more from their own pockets.

To quote a recent statement by Civil Service Commission Chairman, John W. Macy, Jr.—

Increases in health insurance premiums are inevitable; they are caused by the increasing cost and the increasing use of medical care. In the absence of an increase in the Government's contribution, an increase in premium would be paid entirely by the employee and it would reduce his take-home pay.



As long as the Government's contribution is pegged to a plan likely to be selected by people needing a minimum of health care, these costs will continue to reduce employees' income.

We would also like to earnestly suggest to Senator Monroney, chairman of this committee, that his committee seriously consider a field investigation of the skyrocketing increases in hospital-medical costs during recent years as related to the absolute necessity to substantially increase health benefit plan premiums under the Federal program to offset these tremendous hospital-medical expenses.

We would like to quote the following statistics from the BLS Consumer Price Index as but one reason for offering this suggestion:

(1) Medical care is up 19 percent from 1960 to 1964.

(2) In 1960, the average cost per patient-day was \$32.23, average length of stay was 7.6 days, average cost per patient stay was \$244.53.

In 1964, the average cost per patient-day was \$41.58, average length of stay was 7.7 days, and the average cost per patient stay was \$320.17. These statistics demonstrate a 26-percent increase in hospital care expenses from 1960 to 1964.

(3) For the 10-year period 1954-64, the cost of an average patient stay increased from \$169.67 to \$320.17.

Mr. Chairman and members of the committee, we respectfully hope you will concur in section 601 of H.R. 14122 providing a step total increase in Government health plan premium contributions effective July 1, 1966.

Mr. Chairman, before we conclude our testimony, I would appreciate your approval to including a supplementary statement we have prepared for the record. This statement is concerned with legislative proposals not provided for in the legislation being considered today by the committee such as, establishment by law of a basic Monday through Friday workweek for regular postal clerks, overtime for postal substitute employees after 8 hours a day, and correction of certain salary inequities resulting from previous pay acts.

We would appreciate it if that supplementary statement could be made a part of my testimony in the record at this point.

The CHAIRMAN. It may be included as part of your oral testimony.

Mr. NILAN. Mr. Chairman and members of the committee, thank you very much for the opportunity to present these additional views of the United Federation of Postal Clerks concerning compensation.

Mr. Chairman, we urge this committee to consider enactment of the overtime proposals as follows:

(1) Overtime for all hours of work in excess of 8 hours in any day for all substitute postal employees.

(2) Each employee shall be paid for all work in excess of 8 hours in 1 day at the rate of 150 percent of his hourly basic compensation.

(3) Each employee who performs work on Saturdays shall be paid at the rate of 150 percent of his hourly basic compensation.

(4) Each employee who performs work on Sundays or on a day referred to as a holiday in section 87b of title 5 or on a day designated by Executive order as a holiday for Federal employees generally shall be paid at the rate of 200 percent of his hourly basic compensation.

We also respectfully request this committee to consider the enactment of legislation which would specifically establish a Monday through Friday basic workweek for all postal employees with the overtime compensation to be paid as outlined in the above sections (1) through (4).

We suggest to this committee that it is most important that legislation be enacted into law as promptly as possible to compensate substitute postal employees at the rate of time and one-half overtime pay for all hours worked in excess of 8 hours each day. It is indeed tragic that the Government, which should be a model employer, insists that substitutes are not entitled to the same consideration as other regular employees when working more than 8 hours a day.

Mr. Chairman, we do not intend to belabor this point as we certainly believe that this committee and the U.S. Senate received ample documentation during the 1st session of the 89th Congress in support of overtime pay for substitutes after 8 hours a day, as was indicated in original 1965 salary legislation proposals.

We would, however, certainly suggest that the testimony presented by Assistant Postmaster General Richard J. Murphy before the House Post Office and Civil Service Committee on March 8, 1966, concerning overtime practices in private industry for hourly rate employees—which substitute employees are by law—supports our contention that this Congress should approve such overtime pay.

I refer to only one part of Mr. Murphy's testimony as an indication of support for our position, and I quote:

Of 400 contracts reviewed by the Bureau of National Affairs, 90 percent specified time and one-half for overtime after 8 hours in 1 day.

Regretfully, Mr. Murphy went on to say:

But we ought not to look at these facts as appropriate comparisons with our substitutes. Our substitutes are really a unique group.

Mr. Chairman and members of the committee, I suggest that as long as substitute employees are not paid time and one-half overtime rates for hours of work in excess of 8 hours in 1 day that substitutes really are a unique group, as Mr. Murphy suggests. We believe there can be no question but that the Post Office Department is completely out of step with enlightened private sector overtime practices in refusing to realistically endorse and recommend overtime pay for substitutes after 8 hours in each work day. We sincerely urge your consideration of this important legislative proposal during this session of the Congress.

Mr. Chairman and members of the committee, when Assistant Postmaster General Richard Murphy appeared before the House committee on March 8, he also referred to "other bills now pending before you as they relate to premium or special pay considerations for postal employees."

At that time Mr. Murphy emphatically endorsed a proposal to extend the maximum number of consecutive hours during which a postal employee may be worked or be available for work from 12 hours as presently provided in Public Law 89-301, to 15 hours a day. We are absolutely not in agreement with this expression by Mr. Murphy and the Post Office Department.

The United Federation of Postal Clerks would consider such legislation a distinct backward step and completely unnecessary. To



avoid any possible misunderstanding, the United Federation of Postal Clerks is absolutely, unequivocally and 100 percent opposed to this proposal by the Post Office Department and strongly urges this committee and the Congress to retain a 12-hour work span limitation as presently provided in Public Law 89-301, and this 12-hour limitation should be the absolute limit for any workday.

We also must state, Mr. Chairman, that contrary to the suggestions by Mr. Murphy and Mr. Swygert of the Post Office Department before this committee, that we as a union have received a comparative handful of complaints on this 12-hour work span limitation in Public Law 89-301.

Certainly as the exclusive union representative for the Post Office Department's 245,000 postal clerks, our union would have been contacted by postal clerk employees if there was any strong objection to the 12-hour limitation by our people. I am confident, Mr. Chairman, that if the work span should happen to be increased to 15 hours a day, instead of the present 12-hour limitation, that the overwhelming majority of our postal clerk membership would vehemently complain to our union.

Also, in the area of compensation, we would like to urge this committee to give consideration for enactment of legislation to correct the many inequities in pay resulting originally from Public Law 68 of the 84th Congress, enacted on June 10, 1955. These inequities were subsequently extended by the so-called "Salary Reform Act of 1962," actually Public Law 87-793, approved on October 11, 1962, and Public Law 88-426, enacted on August 14, 1964.

These inequities are the direct result of the earlier decisions by Congress not to provide full credits for years of service in conversions of postal employees from salary schedules in effect prior to the enactment of Public Law 87-793 and subsequently Public Law 88-426. Unfortunately, section 114 of the latter law enacted on August 14, 1964, failed to correct these inequities and neither did Public Law 89-301, enacted during the last session of the Congress.

Rather than explain these inequities in detail during this hearing, we are including attachment A at the end of our statement to support our representations urging correction of these inequities. The proposals we are making in this regard are similar to the "Dulski amendment" legislation considered in previous sessions of the Congress.

We certainly appreciate the splendid cooperation of the chairman and members of this Senate Post Office and Civil Service Committee for expediting hearings much earlier this year than was possible in 1965, particularly on the pending legislation, H.R. 14122. The officers and members of the United Federation of Postal Clerks always have, and always will appreciate the genuine interest and sympathetic understanding which the Congress of the United States always demonstrates in the problems of our people.

Thank you, Mr. Chairman and members of the committee, for your patience and kind indulgence in permitting the United Federation of Postal Clerks, AFL-CIO, to testify on compensation, retirement, and health benefits before this committee all at the same time—somewhat different than appearing before you on each of these questions separately, but all of them certainly of great importance to our membership.

## ATTACHMENT "A"

In regard to the inequities being endured by many, many of our members as the result of salary acts starting in 1955 and remaining uncorrected to date, we would like to explain the problems with suggested remedial legislative proposals.

As an example, postal clerks in PFS level 4, were converted under the salary schedules of Public Law 87-793 to a new series of pay steps, 1 to 12, and at the same time were required to commence new anniversary dates consistent with the effective date of the law for what are generally referred to as "longevity steps." In thousands of cases, estimated potentially to be 191,000 employees lost anywhere from 2 weeks to 2 years, 11 months and 2 weeks credit toward a next higher longevity pay step. These are clerks and letter carriers in steps 8 to 11 of level 4.

Public Law 88-426, enacted on August 14, 1964, did not correct these inequities and did not restore credits for years of postal service for pay purposes. As a result, clerks comparatively "junior" to more "senior" clerks, up to almost 3 years junior, have continued to receive the same pay as the more senior employees. This situation also applies to letter carrier employees in level 4.

Unfortunately, there are even more glaring pay inequities where junior employees in level 4 and other salary levels are promoted to higher salary level positions and receive a higher rate of compensation than employees senior to them in these same higher pay levels.

Mr. Chairman, we cite two specific examples to explain these inequities where such promotions are involved and which would also be corrected by legislation properly crediting total years of postal service for salary purposes.

Junior clerks promoted after January 1, 1964, are receiving \$205 more per annum at present, than senior clerks promoted prior to January 1, 1964. They perform the same duties.

Example: A mobile clerk with 25 years service is in level 5, step 10, \$6,965. A post office clerk with the same years of service is in level 4, step 11, \$6,650.

If the post office clerk transfers to road duty (a mobile clerk) he is promoted to level 5, step 11, \$7,145. Here are two men with the same number of years in the postal service working side by side, doing the same work and one is receiving \$180 more per annum than his co-worker.

Another example: Promotion from level 5, step 10 to level 7 (supervisor).

Prior to January 1, 1964—promotion from level 5, step 10 was to level 7, step 6:

Level 5, step 10.....	\$6, 450
2-step increase.....	330

Total.....	6, 780
Placed in level 7, step 6.....	6, 780

After January 1, 1964, a promotion from level 5, step 10, was to level 7, step 7:

Level 5, step 10.....	\$6, 615. 00
2-step increase.....	340. 00

Total.....	6, 955. 00
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Since \$6,955 was higher than level 7, step 6, promotion was to level 7, step 7—\$7,150.

There are numerous such inequities, but these two examples are indicative of the need for the corrective legislation which we have suggested. The questions are: Why should a junior employee receive more money than a senior employee when they are both performing the same duties and why should one of two employees performing the same duties be receiving less than the other employee when they both have been in the postal service for the same length of time? We do not believe they should.

This is why we request this committee to amend section 3552 of title 39, United States Code, by adding the following new subsection:

"(e) Notwithstanding the foregoing provisions of this section, each employee—

"(1) who, immediately prior to the first day of the first pay period which began on or after the date of enactment of the Postal Employees Salary Adjustment Act of 1962 (76 Stat. 850, Public Law 87-793), was subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, and

"(2) who is holding a position subject to any such schedule on the first day of the first pay period which begins on or after the date of enactment of this subsection, and



"(3) who has not reached the highest step for his position, shall, effective on the first day of the first pay period which begins on or after the date of enactment of this subsection—

"(A) be placed in the appropriate step of his salary schedule determined in accordance with subsections (a), (b), and (c), of this section, on the basis of his total satisfactory postal service, without being considered to have received an equivalent increase in compensation by reason of such placement in step, or

"(B) be retained in the existing step of his position if the application of subparagraph (A) would result in a reduction in compensation, until he is entitled to further advancement by step increases under subsections (a), (b), and (c) of this section. Credit earned prior to adjustment under this subsection and not used in computing such adjustment shall be retained for purposes of all such further advancements."

Mr. Chairman and members of the committee, we do urge your favorable consideration of this recommendation. Justice has already been delayed much too long and "Justice delayed is justice denied."

We certainly appreciate the splendid cooperation of the chairman and members of this Senate Post Office and Civil Service Committee for expediting hearings much earlier this year than was possible in 1965, particularly on the pending legislation, H.R. 14122. The officers and members of the United Federation of Postal Clerks always have, and always will appreciate the genuine interest and sympathetic understanding which the Congress of the United States always demonstrates in the problems of our people.

Thank you, Mr. Chairman and members of this committee, for your patience and kind indulgence in permitting the United Federation of Postal Clerks, AFL-CIO, to testify on compensation, retirement, and health benefits before this committee all at the same time—somewhat different than appearing before you on each of these questions separately, but all of them certainly of great importance to our membership. For the record, and in conclusion, the United Federation of Postal Clerks sincerely believes each of these programs are sufficiently important and involved to require individual consideration by the Congress and its committees in future legislative endeavors.

Thank you, Mr. Chairman and members of the committee, for the opportunity for myself and my two colleagues to appear before you.

The CHAIRMAN. Thank you, Mr. Nilan, Mr. Love, and Mr. Thomas.

You advocate that we have no combination of fringe benefits with the pay legislation.

Mr. NILAN. That is right.

The CHAIRMAN. Each is important enough to be taken up separately. You would not object to separating the pay from the fringes and taking up several fringes at the same time?

Mr. NILAN. No, sir.

The CHAIRMAN. I think you have to measure each according to its urgency.

For myself and many members of the committee I think we put a high urgency on social security benefits for Federal employees during the first 5 years of their work. This is also related to recruitment.

Mr. NILAN. Yes.

The CHAIRMAN. These people are under no retirement the first 5 years. There is no security for their family for the first 5 years of their service. It is also quite important to remember that the civil service retirement system affords only minimal family protection until the employee has many years' Federal service.

Mr. NILAN. At the time when they need it most, when the family is young, they are setting out and, if something happens to the wage earner, it is indeed a tragic situation.

The CHAIRMAN. It goes beyond 5 years, social security protection for a man who dies while he is employed are far beyond the benefits that are paid by the Government retirement system.

Mr. NILAN. That is right.

The CHAIRMAN. You mentioned that you felt the productivity was above a 3.2 figure by which the Government measures a non-inflationary increase that can occur in wages, did you not?

Mr. NILAN. I have that in part of our statement.

The CHAIRMAN. You feel it is certainly better than 3.2 national average in the postal service?

Mr. NILAN. Yes, sir.

The CHAIRMAN. What is your attitude toward the policy of comparability?

Mr. NILAN. We are in difficult position; we support it.

President Kennedy recommended it and the organizations embraced it. We thought perhaps this would get not only our people, but the Congress, out of this continued problem of salary adjustment and other related problems.

As I mentioned in there, the experience we have had since inception, unless new ingredients are put in, we can't exist under the current way of applying wage-price guideposts against our people.

The CHAIRMAN. You advocate strongly the enactment of early retirement?

Mr. NILAN. Yes, sir.

The CHAIRMAN. You did not mention anything about the contribution of the employee. If we increase benefits which are matched by the Government and the employee, I think our costs would undoubtedly go a great deal higher for retirement. I wonder what your position was on the Government putting in their contribution and the employee matching with one-half of 1 percent?

Mr. NILAN. When President Halbeck and I appeared before the President's staff on retirement last June, President Halbeck indicated we would have no objection to the civil service contribution by the employee, depending again on the specific benefits that would be liberalized, and also a sound actuarial benefit of the actual increase.

It was our understanding when the House considered this—if I am correct, I believe both Mr. Macy and Mr. Schultze accepted this program—that because of the actual involved actuarial disposition of the costs and recommended employee and Government contributions, the present unfunded liability of the plan and some of these other questions, this would be considered separately in extended hearing as far as the necessary increase in contributions by the government or the employee, and this is why it was taken out.

The CHAIRMAN. As I understand it, the administration believed the employee should contribute  $\frac{1}{2}$  percent.

It will cost more money. I think the Government should contribute, and want your ideas on what the employee should contribute.

Mr. NILAN. We believe the responsive contributions should be made. Certainly we would be responsive depending on the increases and related documentation.

The CHAIRMAN. Senator Yarborough?

Senator YARBOROUGH. I want to congratulate you and your associates for a fine statement.

I associate myself with the remarks of the chairman about social security protection. I think social security is part of the American way of economic life. Social security is not a fringe benefit in wage negotiation anymore.



In view of the lateness of the hour, I will defer further questioning of the witness at this time.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. I shall not take any time. I concur with the statements of the Senator from Texas, Senator Yarborough, and I hope we can be helpful.

I was interested to note you recommend an effective date of April 1, 1965.

Mr. NILAN. Yes—April 1, 1965. We suggest that based on the referenced month of the BLS survey on which the present guidelines and 2.9 percent increase are adjusted on. I might say we are in support of the July 1 effective date in the bill, but we point out if complete equity was given, it would be retroactive. The way we are operating, the only way the Federal employee and postal employee can each get equity is by using the month in which the figures were evaluated.

Senator CARLSON. The reason I noted it, you do approve July 1 as it is in the bill.

Mr. NILAN. Yes, sir.

Senator CARLSON. You realize the administration recommended it not go into effect until January 1, 1967?

Mr. NILAN. Yes, sir.

Senator CARLSON. I have been amazed there has not been much discussion on that. If Congress approved that recommendation, we would go a whole year without any pay increase when it is generally recognized that the increased cost of living and the basic figures all go far beyond the guidelines of 3.2.

Mr. NILAN. I might say the July 1 date, July 1966, can be substantiated. The pay legislation was enacted in 1964 through the consideration of Congress on July 1. Last year the bill had an effective date of October 1, 3 months behind. If they extend to January 1, 1967, it would be compounding the felony. We do feel July 1 is a reasonable date for effecting the legislation.

Senator CARLSON. I assure you from one member it will be July 1.

The CHAIRMAN. Senator Burdick?

Senator BURDICK. I want to say I appreciate your testimony. I am sure it is your view that there is no comparability with the cost of living?

Mr. NILAN. That is right.

Senator BURDICK. You are accepting it because of the present situation in the country?

Mr. NILAN. This is to a large extent the reason why, and of course we are realistic with the President's position. This also has to be taken into consideration on the wage price guideposts. It's a combination of both. Our people recognize the situation the country is faced with in the economy. Unfortunately, it is the postal and classified employee who must pay the price, and private industry does not.

The CHAIRMAN. Thank you, Mr. Burdick.

Senator Simpson?

Senator SIMPSON. I would like to associate myself with what Senator Carlson and Senator Burdick said.

Mr. NILAN. Thank you, sir, we try to cooperate.

If I may respond to one point, this comparability in this pay lag, when we lost that year or 15 months involved—let's use a year just

for the point of discussion—if we lost from March 1, 1965, to March 1, 1966, let's say again the average salary increase for the average postal clerk would be \$200, every year this happens we lose \$200, \$200, \$200. I would hope the committee would recognize over a period of time it accumulates into a rather substantial amount of money.

This is our greatest criticism of so-called comparability, our people actually lose dollars they never get back.

Senator CARLSON. What confused me on the dates, I want to read what you have on page 4: "Mr. Chairman, we suggest salary increases approved this year should in the interests of Christian justice and equity be made retroactive to not later than April 1, 1965."

Mr. NILAN. Well, we are pointing out that it should, in other words, this should be done in the interests of Christian justice and equity.

Senator CARLSON. April 1 would not help much.

Mr. NILAN. It would help considerably, but we are willing to accept July 1 and hope in subsequent Congress next year it will be resolved.

May I add to the question you asked of Mr. Rademacher earlier on uniform allowance? I believe you said would postal clerks and inside workers feel entitled to the same amount of money? Again we are trying to be realistic, as all unions are. In the proposed pending legislation, we presently get an allowance of \$40 a year. We do not consider this adequate based on shirts and apparel they must wear; we feel the proposal to grant an additional \$16, which is 40 percent, would be reasonable, and we feel more than justified.

One area we have problems in negotiating with the Department on, Mr. Thomas represents us on that committee, one of the problems we have is the policy on authorizing the uniform for our window workers. We have many, many thousands of window clerks and the public or members of Congress are surprised to see them not with a uniform shirt on. Unfortunately the only reason for that is that the Post Office Department insists that the window clerk have a regular schedule of not less than 4 hours a day, 5 days a week on a regular basis.

Well, certainly a man on a window for 4 hours is there during the most busy period. He is the extra man. Then he is on when sick leave is taken by our people because he is the temporary man substituting for our people.

The Post Office maintains a rigid 4-hour, 5-day week time in order to have this uniform allowance available. That is one of the things we will have to consider. I explain it only to account for the many thousands of clerks on windows throughout the country without uniforms, and we feel the difference between the two does create some question in the minds of the public. How come this man is without a shirt, this man is in uniform?

Senator SIMPSON. Perhaps the taxes took his shirt off.

The CHAIRMAN. The point I was making is the full amount of the \$125 would not be required because you don't require overcoats, outdoor shoes, and outdoor equipment which the carrier has to have.

Mr. NILAN. No, sir.

The CHAIRMAN. Any further questions?

We appreciate your testimony very much.

We will have hearings Monday morning at 10, at which time we will hear Dr. Nathan Wolkomir, president, National Federation of Federal Employees; Mr. Fred O'Dwyer, president, Postal Supervisors;



Mr. Joy Flud, president, National Agricultural Soil Conservation Service employees; and Mr. Floyd Huffman, president, Rural Letter Carriers.

Mr. NILAN. If I may say this, we appreciate the committee hearing us.

The CHAIRMAN. Thank you, and we appreciate the splendid statement you have given us.

We stand in recess.

(Whereupon, the committee recessed at 12:25 p.m., to reconvene at 10 a.m., Monday, April 25, 1966.)





# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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MONDAY, APRIL 25, 1966

U.S. SENATE,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met at 10 a.m., pursuant to recess, in room 6206, New Senate Office Building, Senator A. S. Mike Monroney (chairman of the committee) presiding.

Present: Senators Monroney, Yarborough, Carlson, Fong, and Simpson.

Present also: John M. Burzio, staff director; David Minton, general counsel; and Frank A. Paschal, LeGrand A. Rouse II, and Hugh B. Key II, professional staff members.

The CHAIRMAN. The Committee on Post Office and Civil Service will resume our hearings on the bill, H.R. 14122, the Federal Salary and Fringe Benefits Act of 1966.

We are honored today to have our colleague, the very distinguished Senator from Utah, Senator Frank E. Moss.

We appreciate your coming down to testify before the committee, Senator Moss, and you may proceed in your own way.

## STATEMENT OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

Senator Moss. Thank you, Mr. Chairman.

I appreciate the opportunity to appear this morning. My statement will be very brief and confined to one particular point I wanted to underline before this committee.

I am here this morning in the interest of the Nation's 677,000 Federal retirees and survivors. When the Federal employees pay bill (H.R. 14122) was before the House of Representatives, that body amended it to correct a serious inequity in the civil service retirement law. I ask that this Senate committee support the House amendment.

This amendment would allow a recomputation of costs for survivor benefits. Because we have not made retroactive the amendments to the Civil Service Retirement Act to adjust the amount an employee must deduct from his retirement check to allow for a survivor annuity, there is now a great variation in the computations for such annuities. The unfortunate part of the story is that those who retired some time ago when Federal salaries were smaller, and who, therefore, have the smallest retirement incomes, must take the largest reduction in their incomes to provide survivor benefits, and receive the lowest retirement checks.

Let us look at the situation of four retirees, each of whom has a basic annuity of \$3,600, but retired at different dates, and each of whom also elected a survivor annuitant.

Date of retirement	Charge against annuity	Amount received by survivor
1. Since Oct. 11, 1962-----	\$90	\$1,980
2. Oct. 1, 1956, to Oct. 11, 1962-----	180	1,800
3. Oct. 1, 1949, to Sept. 16, 1956-----	1 285	1,800
4. Apr. 1, 1948, to September 1949-----	1 360	1,800

<sup>1</sup> Numbers 3 and 4 would also be charged  $\frac{3}{4}$  of 1 percent of basic annuity for each year their wives were under 60 years of age to date of retirement.

This chart shows that those Government employees who have retired since October 11, 1962, would take a reduction of only \$90 to provide for a survivor annuity of \$3,600.

The CHAIRMAN. That is \$90 a year?

Senator Moss. Yes, \$90 a year. This annuity would total \$1,980, or 55 percent of what the retiree received. Yet the employee who retired between April 1, 1948, and October 11, 1962, must pay amounts varying from \$180 to \$360, and his survivor would receive only 50 percent of what the retiree was receiving, or \$1,800—\$180 less than the survivor of the employee who retired after the 1962 cutoff date.

This is manifestly unfair. I don't know how many Members of the Senate realize this disparity exists, but surely it is only simple justice to correct it. The people who are most deeply affected are those who are living on small, fixed incomes, most of whom have passed the age when they can pick up extra earnings. They are the people who are being most deeply affected by the rise in the cost of living—who are having the hardest time to make their retirement checks stretch.

The bill before the committee this morning is more than a pay bill. It is a package bill which we should use as the vehicle to correct inequities in the laws which relate either to present or former Government employees. I urge that the committee include in the bill which is reported section 507 of the House-passed measure, which provides for a recomputation of the reduction in retiree annuities under the more liberal 1962 formula.

Thank you for giving me this time to be heard.

The CHAIRMAN. Thank you. How many people do you estimate are affected by this?

Senator Moss. I believe there are about 367,000 in the entire 1948-62 group.

The CHAIRMAN. Those who are affected are all retirees and survivors?

Senator Moss. Yes, and the ones we are talking about are the ones that retired before 1962.

The CHAIRMAN. Do you recall whether between 1948 and 1962 the amount varied, or is it uniform?

Senator Moss. No; it varied. For instance, from April 1, 1948, to September of 1949 there is an annuity charge of \$360 to get a 50-percent annuity figure for a survivor. Since October of 1962, you can get more for the survivor at the same rate by paying only \$90.



The CHAIRMAN. Now that is up to a certain amount, I believe.

Senator MOSS. Yes; we were figuring all on the \$3,600.

The CHAIRMAN. Senator Yarborough.

Senator YARBOROUGH. I have no questions, but I want to thank our colleague for his contribution.

The CHAIRMAN. Senator Carlson?

Senator CARLSON. I appreciate your being here and speaking to section 507. I am thoroughly sympathetic with your suggestions that we retain the House language.

I was interested in one date. It states, "Each employee under the Civil Service Act since April 1, 1948." I received a telegram asking that we remove that date of 1948 and let it go back further. Are you familiar with that? As to why we should or should not?

Senator MOSS. That date is the one we are concerned with. That was the date when they started to compute this amount of deduction in order to provide for the survivor, and that was at the very highest rate, \$360, at that point for \$3,600 annuity.

Senator CARLSON. Frankly, I thought the 1948 date would take care of our people, but I did get this wire and we will check into it and see if it should be removed.

The CHAIRMAN. Senator Simpson.

Senator SIMPSON. No, I have no questions.

The CHAIRMAN. Thank you; we appreciate your contribution to the record.

Our next witness will testify in substitution for Dr. Nathan T. Wolkomir, who could not be here. We will now hear Dr. Harold E. Finnegan, legislative assistant of the National Federation of Federal Employees.

Please come forward, Dr. Finnegan.

**STATEMENT OF NATHAN WOLKOMIR, PRESIDENT, THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES; ACCOMPANIED BY DR. HAROLD E. FINNEGAN, LEGISLATIVE ASSISTANT; AND IRVING I. GELLER, COUNSEL**

Senator CARLSON. May I make a short statement before Dr. Finnegan testifies? Senate Foreign Relations in holding a session this morning on India; that is one of our important problems and quite a problem on foreign relations. I would like to be excused, but hope you will not think I am walking out on you or any other witnesses.

The CHAIRMAN. You may proceed, Dr. Finnegan.

Dr. FINNEGAN. Mr. Irving Geller is with me, counsel for the National Federation of Federal Employees.

The CHAIRMAN. Thank you.

Dr. FINNEGAN. The National Federation of Federal Employees is the oldest and largest independent union of Federal employees, with members in virtually all departments and agencies here and overseas.

At the outset, I wish to express our deep appreciation to the chairman and members of this committee for their deep and continuing interest in the highly important subject of compensation for Federal employees, an issue which is of very far reaching significance in many directions.

Mr. Chairman, the basic issue with which we are confronted is that despite a clear statement of policy set forth in previous pay

legislation, the comparability principle is not being followed in most of the grades. In his message on pay and benefits of Federal employees, House Document 402, the President says his wage proposal is true to the principle of comparability. That may be so, but the salary proposals embodied in H.R. 14122 as passed by the House (which are close to those recommended by the President) will result in the Federal employee being worse off relative to his counterpart in the non-Federal sector than in October 1965 when the last pay raise was enacted.

Support for this conclusion is found in recent administration issuances. Page 1 of the Federal Statutory Salary Systems Joint Annual Report of the Director, Bureau of the Budget, and Chairman of the Civil Service Commission, issued in March 1966, contains the following statement:

The adjustment (the 3.6 percent adjustment in pay authorized as of October 1, 1965) pushed clerical grades above comparability with 1964 rates reported by the Bureau of Labor Statistics by amounts which varied from more than 4 percent at GS-1 to less than 1 percent at GS-5.

Turning to table 2, in the "Comparison of 1965 Private Enterprise Salary Rates and Classification Act Rates," released by the Civil Service Commission in February 1966, we find the existing salary rates for GS-1 and GS-2 still are in excess of those in industry as of March 1965, while the GS-3 are 1 percent, the GS-4 are 1.7 percent, and the GS-5 are 2.4 percent below the March 1965 rates in industry. The most that can be said for the salary scale in H.R. 14122 is that for employees GS-5 and below there is an approach to comparability with the rates which existed in March 1965. But the employees will not receive these increases until July 1966 or January 1967. Does anyone seriously question that the salary rates in the non-Federal sector have advanced more than 2.85 percent since March 1965 and will advance substantially more by January 1, 1967? And now the Federal employee, whose salary position admittedly has deteriorated relative to that of his counterpart in the non-Federal sector, is faced with the prospects of an increase in taxes. How can you reconcile this treatment with the following quotation from the President's pay message:

A model employer can demand excellence in performance. A model employer can demand continuing awareness of the need for greater productivity, more imaginative conduct of Government programs, and substantial cost reduction. We have made those demands.

The NFFE is not here to make demands, but it is here to urge that H.R. 14122 be amended to provide a salary scale that an avowed "model employer" should pay his employees. In the opinion of the NFFE this will require an increase of at least 10 percent with 5 percent effective January 1, 1966, and 5 percent effective January 1, 1967.

Part of the problem with the concept of comparability is that of defining it satisfactorily. Inherent also is the delay in relating the data from the non-Federal sector to that of the Federal sector. NFFE suggests a study group be created to analyze the problems in developing a methodology that will provide data for sound and timely decisions on the relationship of salaries in the Federal and non-Federal sectors. Any such study group should include representatives of employee unions.

Turning from the question of how much of a salary increase Classification Act employees should receive, I wish to bring to your attention



positions which NFFE believes should be brought under the Classification Act regardless of the pay increase eventually approved.

The first group, county office employees of the Agricultural Stabilization and Conservation Service, are included in S. 2206 introduced by Senator Monroney of Oklahoma. At the hearing before the Civil Service Subcommittee on March 1, 1966, NFFE urged the enactment of S. 2206 and restates that stand today.

A second group consists of the clerks of the local and appeal boards of the Selective Service System. All of you are familiar with the responsibilities these employees carry out and the admirable manner in which they do their work. But you may not be aware of the inadequate salaries they receive. I have attached a copy of my testimony before the Subcommittee on Civil Service of the House Post Office and Civil Service Committee on H.R. 14357 relative to the pay of these employees. This explains in more detail why they should be brought under the Classification Act.

The third group consists of the first four wage board grades, with the exception of construction and lithographic positions. This would include thousands of food service employees, laundry workers, laborers, and others who are receiving substandard wages. These employees have been adversely affected by current wage-board practices and have been seriously disadvantaged all through the years without benefit of decent pay increases. NFFE is convinced that placing these first four wage-board grades under the Classification Act would go a long way toward solving some of the most difficult and disheartening problems with which we are confronted.

As you are aware, wage board employees' rates are based on comparable wages paid in the private sector. Private unions have failed to secure decent wages for employees in the food service, laundry, and custodial laborers' occupations in the private sector and as a consequence, wages for governmental employees have remained at an incredible substandard level.

The Government must establish itself as a model employer for employees in the lower grades. Their placement under the Classification Act will permit Congress an opportunity to make a periodic review in occupational areas where the executive branch has been derelict. I'm sure that this committee is aware that a large number of employees in these occupations are among the economically depressed and disadvantaged groups.

NFFE recommends the enactment of section 404(a)(1) of H.R. 14122 which provides that duty time in excess of 8 hours in a day as well as 40 hours in any administrative workweek be overtime.

Section 404(a)(2) of H.R. 14122 should be amended to provide that the minimum scheduled rate of GS-11 be the ceiling for the calculation of overtime compensation with the further provision that in no case should an employee receive less for overtime work than for regular duty hours.

H.R. 14122 also should be amended to provide that time spent in actual official travel should be considered work and hours spent in such actual official travel in excess of 8 hours a day or of 40 hours in any administrative workweek should be computed at overtime rates. Congressman Krebs of New Jersey and Congressman Olsen of Montana have introduced H.R. 10298 and H.R. 10299, respectively, to bring about this much-needed change. NFFE testified before the

House Subcommittee on Compensation on January 28, 1966, citing a number of situations warranting corrective legislative action. Since then, the national headquarters of NFFE has learned of an installation which requires some of its employees periodically to drive up to 300 miles to a temporary duty station departing after 6 a.m. on Monday, work 40 hours at the temporary duty station, and drive the 300 miles back so as to reach the home installation by 6 p.m., Friday. The driver of the car receives 10 cents a mile, but neither he nor his passenger fellow workers receives compensation for the overtime. Surely such an obviously inequitable situation should not be permitted to continue.

In decision number B-127343 dated March 4, 1966, the Comptroller General ruled that Federal employees who, as high-mileage drivers, drive Government-owned autos to their homes at the end of workdays, are not entitled to reimbursement for insurance riders they purchase to safeguard against personal liability in the event of accidents occurring outside the scope of their employment. The cost of these insurance riders should be borne by the Government. The employees are required to drive the Government-owned autos and with the many complications and uncertainties that can develop out of their use, a high-driving employee cannot afford to be without the protection afforded by the riders in question. For this reason, NFFE recommends that H.R. 14122 be amended to provide either for the Government to pay the cost of the insurance riders or to provide blanket bonds to protect the thousands of employees it requires to place themselves in jeopardy of severe financial loss if the insurance is not carried.

NFFE recommends that section 301(a) of the Federal Employees Pay Act of 1945, as amended (79-106), be amended to provide for the payment of night differential for all hours of leave with pay from any regularly scheduled work between the hours of 6 p.m. and 6 a.m. Presently non-wage-board employees are allowed night differential pay for leave with pay only if such periods of absence total less than 8 hours during any pay period. Wage board employees receive night differential for all of their absences with pay. NFFE believes classified employees should receive equal treatment.

NFFE recommends approval of section 302 of H.R. 14122 which provides for premium pay of 25 percent for regularly scheduled work on Sunday.

NFFE recommends approval of sections 406 and 503 of H.R. 14122 which permits health, insurance, and retirement coverage for an employee who enters on approved leave without pay to come as a full-time officer of an organization composed primarily of Federal employees.

The provision for increases in uniform allowances as found in section 405 of H.R. 14122 should be enacted.

The NFFE strongly supports the retention of section 502 of H.R. 14122 which would permit retirement without reduction due to age of an employee 55 years of age with 30 years of service and an employee 60 years of age with 20 years of service. Not only will enactment of these provisions meet a need for thousands of employees, it will also go a long way in meeting the need expressed by the administration when it requested authority to involuntarily retire an employee GS-13 and above who is 55 years of age with 30 years of



service. NFFE vigorously opposes the enactment of the involuntary retirement proposal as being both unwise and unnecessary. No matter what verbiage is used, involuntary retirement is a removal action. As such, the employee subject to it should have all of the safeguards available to an employee whose removal is proposed under existing legislation. Enactment of section 504 will make this unnecessary as any management worthy of the name can make working conditions so unrewarding that most employees will request retirement rather than remain under such conditions.

NFFE urges that H.R. 14122 be amended to incorporate H.R. 488 (introduced by Congressman Leggett, of California), H.R. 4377 (introduced by Congressman Edwards of California), and H.R. 5257 (introduced by Mr. Bob Wilson of California) to provide that the aggregate pay received by a firefighter be used as the basis for calculation of retirement, health, and insurance benefits. Aggregate pay consists of the base plus premium pay (5 or 10 percent of base pay) for being at the station for up to 24 hours at a time. It is a regular recurring payment similar to that given wage board employees who work the night shift. The wage board employee is entitled to count his night differential pay for purposes of retirement, health, and insurance benefits. NFFE believes the firefighter is entitled to the same benefit.

Section 601 of H.R. 14122 provides for the Government to pay stated sums for enrollments under the Federal employees' health benefits program. The sums represent increases in the Government's share of the cost of the program and with that trend NFFE is in agreement. But recommendation is made that the share be expressed in percent of the cost rather than as so many dollars and cents. The costs of the health benefits program are certain to continue to increase and if the Government is to continue to bear its share of the cost, Congress will have to legislate the increase each time the costs of the program go up. Further, as a model employer, the Government should bear at least half of the cost of the program. This is a smaller share of the cost than that borne by many firms in industry so even with this modest increase the Government still would not be a leader in health benefits programs. NFFE suggests H.R. 14122 be amended accordingly.

We urge the committee to amend H.R. 14122 to include provisions covering wage board employees. Although the Civil Service Commission presently is working on a plan for a uniform system of wage board administration—a step pioneered and strongly urged by the NFFE—it is the NFFE view that this important matter should be the subject of congressional consideration and action. Thus, NFFE urges the committee to provide in this bill the legislative authority and framework for a uniform and equitable system of wage board pay administration, together with provision for longevity pay increases for wage board employees. Moreover, the NFFE has found that there are many wage board employees (certain employees of the Veterans' Administration, for example) who have had no upward pay adjustment for so long as 10 years. It is evident that this entire wage board situation needs a thorough revision. NFFE believes it wise and prudent for the Congress to lay down some guidelines for the executive branch in this matter—including problems which the executive branch has studiously swept under the rug for too many years.

Mr. Chairman, NFFE again urges the committee to eliminate the so-called acceptable level of competence provision of the pay law.

The reason why NFFE is again urging the committee to take that action is simple and need not be labored. The fact is that the provision just doesn't work. It cannot work, in the nature of things. It is unfair and inequitable. It makes for serious administrative difficulties. It gives rise to favoritism, dissatisfaction, and distress far out of proportion to any questionable good that it may accomplish.

Of course, the total number of increases withheld because of failure to meet the acceptable level of competence is small. The Congress recognized the basic unsoundness of this proposition when, at the last session, it provided for an appeal to the Civil Service Commission in such cases. It is significant, too, that here as in other instances, Civil Service Commission spokesmen went to great lengths to defend an essentially untenable position. The provision should be eliminated in its entirety at this session so that the granting of regular increases may be resumed in the manner and context contemplated in the original legislation.

Finally, NFFE recommends that H.R. 14122 be amended to extend to general schedule employees the seniority adjustment provided for postal employees in section 402 of H.R. 14122.

In conclusion, I wish to comment on a reported attempt by the administration to reduce the pay and related benefits to those dictated by the administration. If true, the timing could hardly be worse. Agencies are experiencing difficulties in recruiting candidates and turnover is on the upswing. Unquestionably salary and other working conditions are factors in this upward trend. I submit that now is the time to strengthen the competitive position of the Government rather than deliberately to weaken it.

Mr. Chairman, on behalf of the National Federation of Federal Employees I again wish to express our thanks and appreciation for the interest shown by the members of this committee on this very important issue, and for your action in scheduling these hearings early in the session. It is NFFE's earnest hope that the committee will, as a result, be able to report a bill shortly and that it can receive prompt action.

The CHAIRMAN. Thank you very much, Dr. Finnegan.

In the early part of your statement you point out that the adjustment made in the last pay bill, October 1, 1965, pushed the clerical grades above comparability with the 1965 rates. You do not contend, however, that the adjustment made put these people above comparability for the date it was passed?

Dr. FINNEGAN. No.

The CHAIRMAN. So the figures we have had so far in these hearings are that in spite of the 2.89 increase for the lower grades they would still be below comparability as of the date the act was passed?

Dr. FINNEGAN. Yes, sir.

The CHAIRMAN. This is a virtually necessary timelag.

With the present guidelines, it is impossible to increase the amounts above that without us running a very serious risk of having no bill at all.

From a dollar standpoint, the higher grade employees do gain a bit. We would like to enact comparability.



Dr. FINNEGAN. Yes, sir.

The CHAIRMAN. This is one of the problems we have to meet. How many ASCS employees do you propose bringing under the bill?

Mr. GELLER. I believe that is in the neighborhood of 15,000.

The CHAIRMAN. They are presently paid with Federal funds but at scales approved by the county committees; is that correct?

Mr. GELLER. That is correct.

The CHAIRMAN. They are employees of the county committees, selected by the county committees?

Mr. GELLER. That is correct.

The CHAIRMAN. Without reference to civil service?

Mr. GELLER. They are appointed by the county committees and they work in their respective counties, but I don't believe they are properly classified as county employees.

The CHAIRMAN. No, but they are employed by the county. ASCS is a county institution?

Mr. GELLER. Yes, sir. There has been a gradual encroachment and it might be well at this time to include them within the Classification Act rather than do it piecemeal and patchwork.

The CHAIRMAN. How many employees do you have under selective service?

Mr. GELLER. Between 4,500 and 5,000; all the clerks at the various selective service boards and their boards of appeal. There are approximately 4,500 such boards throughout the country.

The CHAIRMAN. And the wage board employees.

Mr. GELLER. I can't give an accurate figure on that. We are not privy to that information. I would estimate in the vicinity of 30,000 to 40,000 employees. They are largely employees of the Veterans' Administration, General Services Administration, Public Health Service, and one or two smaller agencies.

The CHAIRMAN. How are they paid now?

Mr. GELLER. Under a prevailing wage system.

The CHAIRMAN. In the same crafts or trades?

Mr. GELLER. Yes. We have grave doubts as to the equity and reliability of those surveys and the thing that makes it really complicated is that these employees were at one time under the Comparability Classification Act and, as we pointed out in our testimony, there are several hundred employees who have not received a pay adjustment for 10 years. These are employees who were formerly classified and then put under wage board prevailing systems.

When the positions were converted from the classified scheme to the wage board, the lowest pay rate was the equivalent of a dollar twenty-four per hour and when they made their wage surveys 10 years ago they found in these job classifications the private sector employees were getting substantially less in terms of pay—

The CHAIRMAN. Less in pay than the Federal workers?

Mr. GELLER. That is correct. And, as a consequence, over the past 10 years the surveys have not reflected an increase in wages in the so-called wage local area to bring them higher than the old rate. I am talking about a select group, a relatively small group, four or five hundred would not have received a pay adjustment in 10 years.

The CHAIRMAN. You also mention the lack of longevity?

Mr. GELLER. That is correct. Of course, if these employees, this group—the food service employee, the laundryworker, the housekeeper

the cleaning laborer—were brought within the sphere of the Classification Act they would receive the normal periodic increments.

There is a three-step system under the wage board, but it does not have that longevity concept that is inherent in the Classification Act. The longevity request that we made applies to all wage board employees. We address ourselves here principally to those occupations below the helper level within the wage board categories.

In other words, wage board 1 through 4, wage board 5 starts the helper category and we believe it perhaps appropriate at this time to continue the wage board system for the helper-and-above category. However, at the lower levels we think it would be highly desirable in terms of good personnel administration, public administration, and for the obvious inequity that arises under this system; and particularly during the past year, as the committee well knows, the cost of living has gone up substantially—I think over a year ago, 2.8. These wage surveys do not reflect those conditions, for example, the beginning rate in Oklahoma City is a dollar thirty-seven an hour. In Dallas, Tex., it is a dollar forty-five. In Washington, D.C., it is a dollar forty-eight. In Los Angeles, it is \$2.12. In New York City, a dollar ninety-eight; in Wyoming, it is a dollar sixty-six.

This disparity, we feel, causes an incongruity and, further, when a person moves from this category, hopefully he will move up the ladder within the government within his limitations. It causes severe conflict within the classification system.

The CHAIRMAN. On page 6 in the middle of the page, you say, "NFFE recommends that section 301(a) of the Federal Employees Pay Act of 1945, as amended (Public Law 79-106), be amended to provide for the payment of night differential for all hours of leave with pay from any regularly scheduled work between the hours of 6 p.m. and 6 a.m.

By that, you mean a regular nightworker who works a constant night shift between those hours would be compensated during his leave?

Mr. GELLER. That is correct.

The CHAIRMAN. Is there any provision in any other Federal act to that effect?

Mr. GELLER. This situation arises typically in this fashion: The wage board employee does receive this night differential when he is on approved leave. A guard, for example, who typically works the three tricks of tours, when he is on leave during the night shift he does not receive the night differential. This is the inequity within the two systems.

The CHAIRMAN. An employee working on a bench somewhere is paid the differential under the wage board, but the guard in civil service is not; is that correct?

Mr. GELLER. That is correct.

The CHAIRMAN. Senator Yarborough?

Senator YARBOROUGH. When you were discussing prevailing wages, Oklahoma City, \$1.37; Dallas, \$1.45; Los Angeles, \$2, what type of work was that?

Mr. GELLER. As I indicated, these are food service employees, cleaning porters, those are the two major job classifications.

Senator YARBOROUGH. That is the lower brackets of pay, the lowest paid people in Federal service?



Mr. GELLER. Not quite. There are some lower; these are the laundryworkers and typically they have not received an increase in pay for many years, and in most of those localities that I identified they receive a dollar and twenty-five per hour.

Senator YARBOROUGH. That is the minimum wage under the Federal law?

Mr. GELLER. That is right.

Senator YARBOROUGH. Hotel employees and laundryworkers were exempt from that?

Mr. GELLER. That is correct.

Senator YARBOROUGH. After that minimum wage law passed, certain workers in those categories met with me in one or the two larger cities in Texas and regretted that hotel employees and laundryworkers were being paid in the hotel, along with elevator operators, \$1.50 an hour. I was surprised Federal employees were doing so well, but in 10 years with rising wages that is not enough. My State has no minimum wage law. I think those States with minimum wage laws are better in those categories than those not governed by Federal minimum wage law.

Mr. GELLER. That is true, but many of these employees were originally hired under the classification system and there isn't a contractual obligation between the Government and these employees. However, there is a moral obligation, and if a man or woman takes a job at a dollar and a quarter an hour and 10 years later finds himself receiving the same rate and they are informed, "Well, we have changed the system on you," I don't think that buys the bacon you speak about.

Senator YARBOROUGH. My question was not as to the extent of that, but I was asking about people without protection of the Federal or State law who are doomed, regardless of the cost of living, forever. It takes some protection to get some kind of living wage that goes up with the cost of the living?

Mr. GELLER. This is why we feel in the lower grades—we stated so in our testimony—that the Government should be the model employer. We have heard a great deal about comparability and can live with it and hope to achieve it at the higher levels. But I think the Government has a moral obligation at the lower levels to be the model employer so that private industry may follow suit.

Senator YARBOROUGH. Please turn to page 7 of Dr. Finnegan's statement about the involuntary retirement after 55 years of age, with 30 years of service. What would the retirement amount to in that case, what percentage of the person's salary?

Mr. FINNEGAN. It will vary roughly 55 percent.

Senator YARBOROUGH. You state there, enactment of section 504 will make this unnecessary as any management worthy of the name can make working conditions so unrewarding that most employees will request retirement rather than remain under such conditions. Isn't that really rather a harsh requirement to put on management to say that they will mistreat an employee so much he will quit?

I think the alternative is much worse than the provision proposed by the law, isn't it?

Mr. FINNEGAN. That to me is the lesser of the two evils.

Senator YARBOROUGH. I recall an employee in GS-13, where he had been in an office in Texas, transferred to a State in the Northwest

and then they transferred him someplace. This man was an honorable employee but he had constant friction with fellow employees, and they kept moving him by transferring so that the expense of so much moving would cause him to quit.

That is what you are talking about. This was an honest man, he worked hard, but he had the proclivity of arguing with everyone around him and they had to transfer him around. You in personnel know this happens, some people just don't fit into organizations, they are individualists and don't fit with other men.

Do you say they should shift him from Seattle, to Atlanta, to San Francisco, to Maine?

Mr. FINNEGAN. I prefer that to giving him 60 days' notice with no right of appeal.

Senator YARBOROUGH. There is no right of appeal now?

Mr. FINNEGAN. That is my understanding of the administration proposal.

Senator YARBOROUGH. If that is written in the law, I am glad you brought this up. I favor the right of appeal.

Mr. FINNEGAN. There should be protection in there.

Senator YARBOROUGH. Certainly.

Mr. FINNEGAN. Whether it is outright removal or you cut his salary in half, that is a cut in salary.

Senator YARBOROUGH. We can see the danger of promoting a man to that place.

Mr. FINNEGAN. What ever the reason a person is entitled to some protection. The employee has 30 years invested in this, too.

Senator YARBOROUGH. If we do adopt this provision, you recommend the right of appeal?

Mr. FINNEGAN. Yes, sir.

Senator YARBOROUGH. I agree with you on that.

Do you have any other alternative to the management's involuntary retirement? There are some ways of relief in Government in that situation. I don't think the situation should be that if there is a man not efficient enough that they should trump up charges against him.

Mr. FINNEGAN. I retired after 30 years of Federal service and I know of instances where employees were called in and talked to, saw the light and did retire after they were informed they were not meeting the standards of the job.

There are numerous ways. The moving about is the less imaginative.

Senator YARBOROUGH. You can see, yes, it may be less imaginative. I am not relating to him, but I have known of worse methods which I don't care to relate here. I would think that retirement is better than trying to trump up a charge against somebody.

Mr. FINNEGAN. There should be some kind of standard to measure the employee's performance if you are going to retire him, or whatever term you use. Just because he does not meet somebody's personal preference or maybe make room for somebody else's promotion.

Senator YARBOROUGH. When you find somebody very efficient and getting the job done it is surprising how soon you find the employer does not object to whatever else he does. You may not agree with somebody completely, you may not agree with his views or habits, but if that employee turns out more work than anybody else, you are not about to shift him.



Mr. FINNEGAN. That is right.

Senator YARBOROUGH. There is a lot about getting the job done, that any employment manager knows, if he has an employee that really does the job, I doubt that employee is put upon very much.

Mr. FINNEGAN. No, sir.

Senator YARBOROUGH. You want somebody that can perform and get the job done?

Mr. FINNEGAN. That is the only reason they have for being there.

Senator YARBOROUGH. It seems to me the bigger the organization, the more difficult it is to get this level of performance.

I don't know whether it is or not, maybe when you are dealing with so many people the manager expects too much. It looks as though when you get so many, individual output declines. Did it seem to you that way in your tenure of Federal service?

Mr. FINNEGAN. It seems to—that way in Federal and private. This is the evil.

Senator YARBOROUGH. Does it just seem that way or does individual performance actually go down.

Mr. FINNEGAN. I think it goes down.

Senator YARBOROUGH. That is my opinion but I do not say because it is my opinion it is necessarily correct, this is just an opinion from observation.

In view of the time that is all the questions I will ask.

I have glanced through this other statement and note what you say about eight volunteers in the Selective Service for each one paid person. I agree these clerks, secretaries, and managers of these boards have a difficult job.

They have to be experts on draft regulations. In my experience, in my State, the average one is very competent. My experience with draft boards is that these people are dedicated and do a very fine job under very difficult conditions.

The CHAIRMAN. It is a brutal job.

Senator YARBOROUGH. Yes; it is and I am amazed at these people getting this low pay. I think some of them do some of the most difficult work in the Federal Government trying to decide who is going to leave his family, who is going and who is staying.

I will waive any further questions.

The CHAIRMAN. Senator Fong.

Senator FONG. How large is your NFFE?

Mr. GELLER. It is in the neighborhood of 70,000 members.

Senator FONG. Now many of those are in the classification board and how many on the wage board?

Mr. GELLER. Roughly one-half.

Senator FONG. Out of one-half in the classification board, how many in the upper grades and how many in the lower grades?

Mr. GELLER. I can only guess on that, Senator Fong. Of course, you realize there are more people in the lower grades than in the higher grades. I would say it is 60 percent in the lower grades and 40 percent in the higher grades.

Senator FONG. Are there any in the postal service in your NFFE?

Mr. GELLER. Yes.

Senator FONG. So you come here with a very difficult position, don't you, you represent people in upper grades and you represent

people in the wage board and then you represent people in the classification act and then you talk about the principle of comparability.

I just want to pinpoint it as far as your organization is concerned. How do you stand on the principle of comparability, do you feel we are doing violence to the principle of comparability when we have an across-the-board increase?

Mr. GELLER. Absolutely. Well, I think and I think this committee will agree that the comparability concept is out the window for the past year and certainly from all the testimony we have heard to date. If this is to be a sacrifice pay scale and/or austerity pay scale, or patriotic pay scale, we would not be adverse to a lump sum pay raise for Federal employees principally because of the cost-of-living increase over the past 5 years.

If sacrifices are to be made I think they should be made equally and I think we would have a much easier task telling our higher paid employees to make the sacrifice this year.

Senator FONG. I notice you stated they should get at least a 5-percent increase?

Mr. GELLER. Yes, sir.

Senator FONG. Does that mean you are proposing an across-the-board increase?

Mr. FINNEGAN. That is right.

Senator FONG. Even though it does violence to the comparability principle?

Mr. GELLER. We proposed a 10-percent increase. We were mindful of the President's guidelines, we space them in 2 years and said 5 percent this year and 5 percent next year with the hope of somewhere arriving at comparability and that was what we thought was a constructive patriotic approach during this particular year.

Senator FONG. Even though you talked about an across-the-board increase, you do more violence to comparability and you get away from the principle of comparability if you have an across-the-board increase?

Mr. FINNEGAN. That is right but you don't think comparability is a safety cap. If some arrangement must be made this year then I think it should be done with all the commonsense and humanity that this committee and the Congress has in dealing with its employees.

Senator FONG. For the present you are willing to accept an across-the-board increase?

Mr. FINNEGAN. Of 5 percent, yes.

Senator FONG. Now you have stated here that you think that the first three categories under the wage board should be put under the Classification Act.

Mr. FINNEGAN. The first four categories, sir.

Senator FONG. That would mean how many employees?

Mr. FINNEGAN. I estimated—this is merely an estimate—between 30,000 and 40,000 employees.

Senator FONG. Out of a half million, is that right?

Mr. FINNEGAN. That is right.

Senator FONG. Thank you.

The CHAIRMAN. Thank you, Senator Fong.

Senator Simpson?

Senator SIMPSON. No questions.

The CHAIRMAN. Thank you for your testimony.



The CHAIRMAN. Our next witness is Mr. Fred O'Dwyer, president of the National Association of Postal Supervisors, accompanied by Mr. Don Ledbetter, and Mr. Dan Jaspan, legislative representatives. We are happy to have you here to testify.

**STATEMENT OF FRED O'DWYER, PRESIDENT, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS; ACCOMPANIED BY MR. DON LEDBETTER, SECRETARY, AND MR. DAN JASPAN, LEGISLATIVE REPRESENTATIVE**

Mr. O'DWYER. Thank you.

My name is Fred J. O'Dwyer. I am president of the National Association of Postal Supervisors, composed of more than 28,500 postal supervisors. Our members are employed in post offices, post office vehicle installations, and railway and highway post offices located in all of the 50 States and in Guam, Puerto Rico, and the Virgin Islands. I am accompanied by our national secretary, Donald N. Ledbetter, and our legislative representative, Daniel Jaspan.

We are grateful to the chairman for scheduling early hearings as was promised last year, and to the other members of the committee for taking time out from their busy schedules to consider proposals on comparability and fringe benefit legislation.

We appreciate the interest also of President Johnson and the administration in carrying out the principle of comparability as established by Public Law 87-793, enacted in 1962. Although the administration proposals would have brought comparability closer to our members in the higher levels, the House has seen fit to reduce the amount suggested by the administration for the upper levels. Since the House has passed H.R. 14122 with only one dissenting vote, our testimony shall be confined mainly to that bill.

What is comparability?

The Federal Salary Act of 1962 established the comparability principle. Briefly, Public Law 87-793 provides that Federal salaries shall be comparable with private industry, based on annual surveys conducted by the Bureau of Labor Statistics. These surveys have shown from the beginning, and still continue to show, that the middle and upper levels have been dropping further and further behind their counterparts in private industry. This has been amply demonstrated by testimony before and after 1962.

We cannot emphasize too strongly that the law provides for comparability based on salaries in industry by comparing positions with those of similar duties and responsibilities.

**COMPARABILITY WEAKENED**

Public Law 88-426 did not carry out the principle of comparability, since it granted a much larger increase to the first five levels and not to postal supervisors and others in the higher levels. It is difficult for anyone to maintain that comparability existed in this law. Actually the reverse is true. The figures of the Bureau of Labor Statistics demonstrated that larger increases should have been applied to the middle and upper levels. Simple justice should have demanded no less than the same percentage increase for all levels. Actually, the principle of comparability was destroyed by this law. We agree

that the 6-percent increase for rank-and-file employees was justified; however, there was ample justification for a larger increase in the supervisory levels.

The inequity created is graphically demonstrated in chart A. If you will glance at that for just a moment, at the end of the testimony, we have confined this to levels 1 to 13 for illustrative purposes, as 99 percent of the postal employees are in those levels.

As can readily be seen in chart A, employees in the first four levels received salary increases of more than 6 percent. This is double the increase of 3.2 percent for level 7. The percentage decreased steadily in the higher levels, with level 10 receiving only a 2.67-percent increase. Dollarwise, the level 4 employee received \$320, while the firstline—level 7—supervisor received only \$205. No supervisor below level 12 received as much percentage or dollar increase as the level 4 employees. This is a graphic picture of the depression created in the middle levels and that compression is still there.

The figures provided by the Bureau of Labor Statistics, based on 1964 and earlier comparability, showed that Federal employees needed from 3.5 percent in the lower grades to 11.1 percent in the upper grades to achieve comparability as of March 1964. Yet the across-the-board 3.6-percent salary increase of Public Law 89-301 continued the lag. We have fallen further behind salaries in industry as they have risen approximately 3 percent between 1964 and the latest report of the Bureau of Labor Statistics as of March 1965.

#### PENDING LEGISLATION

The salary schedule of H.R. 14122 continues the discrimination against employees in the middle and upper levels. Although the House-passed bill does bring our levels 7, 8, and 9 slightly closer to comparability than the administration proposals, all of these levels can be brought nearer comparability for a small additional cost. If you glance at chart B, also the end of the testimony, you will note that it pictorially discloses the percentage needed for comparability: The administration's proposals that would partially restore comparability in levels 10 to 13, and the distortion created by the across-the-board increase of H.R. 14122.

It is interesting to note that each 1-percent increase in level 7 and higher would cost only about \$4 million. A very small fraction of that amount would be the cost of an additional percentage increase in level 10 and higher, where the disparity is greater.

We realize fully that budgetary limitations preclude attaining current 1966 comparability. However, since we have never been closer to comparability than a year or more, we urgently request this committee to approve a salary schedule that will begin to close the widening gap this year.

In addition, we urge the committee to add a section to the proposed bill to close the gap completely in all levels in two stages, beginning in 1967. It should be borne in mind that even if this is done it will mean that 6 years will have elapsed between the establishment of the principle of comparability and the attainment of that goal.



## OVERTIME

Last year the House approved a bill providing mandatory payments of overtime through level 10. This was amended on the Senate side by granting the Postmaster General the option of paying overtime or compensatory time for work performed in excess of 8 hours daily, over 40 hours per week, or on holidays to supervisors in PFS-8 and above.

We knew at that time that granting the option to the Postmaster General would lead to many inequities. The Postmaster General immediately announced that employees in level 8 and higher would be granted compensatory time for overtime and not pay. The Post Office Department authorized payment of overtime to employees in PFS-8 through PFS-14 during part of the Christmas rush.

Senator YARBOROUGH. Would you read that statement back? Would you read that other sentence you interpolated?

Mr. O'DWYER. Following the inequities, there was inserted, "The Postmaster General immediately announced that employees in levels 8 and higher would be granted compensatory time for overtime and not pay." This was immediately after enactment. He did make this announcement that they would be——

Senator YARBOROUGH. By "compensatory time," you mean time off?

Mr. O'DWYER. Yes, sir.

Senator YARBOROUGH. So, if they worked overtime, they got time off?

Mr. O'DWYER. Yes, sir.

Certain limitations however were placed on the number of hours of overtime for employees in these levels, but not in the lower levels. Some offices required employees in the lower salary levels to work overtime on designated weekends when overtime payments were authorized, but did not permit PFS-8's through PFS-14's to work. Weakening of effective direction was a consequence.

In some instances, craft employees were detailed as acting supervisors, PFS-6, during Christmas. They were worked overtime to avoid paying overtime to level 8 supervisors who were limited to level 7 pay. This extraordinary inequity saved 65 cents per hour in pay, but there is no way to determine how much it cost in production.

It should be borne in mind that the postal supervisors in PFS-8 through PFS-10 are, in most instances, the first or second line supervisors, particularly in large offices. When lower level employees are required to work overtime, these supervisors should be on duty in the interest of efficient management. There is ample justification, therefore, for payment of overtime through these levels. Scheduling of these supervisors is controlled by higher level management.

What is even more disturbing, however, is that under this optional authority employees in levels 8 and higher are, in many instances, now detailed to a 6-day week.

Senator YARBOROUGH. May I interrupt? In the preceding paragraphs, it seemed to me, you pointed out what might have well been a great weakness in management there. Detailing people who are not supervisors to do the supervisor's work, in order to prevent paying the higher overtime rates, could result in a loss of efficiency. Has your organization taken this up with the Postmaster General?

Mr. O'DWYER. Yes; but as yet there has been no relief.

Senator YARBOROUGH. I think this goes beyond the cost to members of your organization. It goes to the whole operation.

Mr. O'DWYER. It certainly does.

Section 5(a) of Public Law 89-301 states "A basic workweek is established for all postal field service employees consisting of five 8-hour days." The intent of Public Law 89-301 was that every regular postal employee would be assigned to a 5-day week. The law required that regular employees in PFS-7 and below must be paid overtime for all hours in excess of eight each day and for work on the sixth and seventh day. Public Law 89-116 provides for a 5-day week for postmasters. What is now happening is that, in many cases, employees in PFS-8 and above are scheduled to a workweek of Monday through Friday, and from 4 to 6 hours on Saturday, since postmasters often work Monday-Friday schedules. Since the law permits the payment of overtime or compensatory time in these levels, these employees are granted a compensatory day off in the following week or within the next 30 days. In effect, the supervisors in PFS-8 and above are being used in the same way as was intended for substitute employees alone. It is our considered opinion that this is a definite violation of Public Law 89-301, which establishes a basic workweek of five 8-hour days. The establishment of mandatory payments for overtime work would eliminate this injustice.

We do not agree with the Post Office Department estimate of a cost of \$15 million. We believe the estimate is based on distorted earned compensatory time created by the abuse of the provisions of the basic workweek. When this proposal was considered by your committee last year, the cost figure was well below \$500,000. We believe this to be a more realistic figure.

Both the Post Office Department representative and the Chairman of the Civil Service Commission stated that supervisors in industry are not always granted overtime payments. They failed to mention that supervisors in industry are given other benefits and privileges not received in the postal service, such as bonuses, stock options, paid membership in clubs, profit sharing, and many other items. In addition, employees under the Classification Act through grade 9 are paid overtime, and above these grades at the rate of GS-9. There is, therefore, a precedent in the Government service. The House-passed bill would extend this payment through GS-10. We fully endorse this change and ask that the similar provision in the House bill for payment through PFS-10 also be retained, with the option granted the Postmaster General of paying for overtime or holiday service in all levels above PFS-10.

#### JUNIOR-SENIOR INEQUITIES

Another section of H.R. 14122, which was approved by the House last year and eliminated on the Senate side, would partially resolve the inequity whereby senior employees are placed in steps below the step of the junior employee promoted at a later date. The section approved last year in H.R. 10281, and included in H.R. 14122 as section 402, applies only to senior employees promoted to a higher level between July 9, 1960, and October 13, 1962. The ideal solution would be to eliminate any reference to dates, but, as mentioned



above, this section is a partial solution to a longstanding series of inequities.

We hope that the committee will fully endorse this section this year, and that it will remain in the bill as passed. This would be a tremendous boost to the morale of postal employees who receive less money than others who entered the service and were promoted at a later date. The following chart gives some examples of supervisors with greater seniority who are in lower steps than junior employees in the same level:

(The chart referred to follows:)

Employee	Entered service	Promoted to present position	Now in level—	Annual salary	Salary differential
W. B.-----	Aug. 8, 1931	Feb. 1, 1965	10-3	\$8,660	-----
W. K.-----	Aug. 1, 1941	June 19, 1965	10-6	9,485	\$825
R. N. H.-----	May 5, 1937	Apr. 1, 1963	6-9	7,517	-----
C. E. A.-----	Dec. 14, 1942	Mar. 1, 1965	6-10	7,714	197
W. R. J.-----	Oct. 7, 1937	July 31, 1965	7-7	7,633	-----
A. P. H.-----	Apr. 17, 1940	Jan. 31, 1966	7-8	7,845	212
W. L. M.-----	Nov. 12, 1945	Apr. 28, 1962	7-7	7,633	-----
D. J. N.-----	Sept. 25, 1948	Nov. 6, 1965	7-8	7,845	212
D. J. P.-----	Jan. 27, 1943	Apr. 14, 1962	7-7	7,633	-----
P. F. K.-----	Sept. 27, 1943	Oct. 9, 1965	7-10	8,269	636

In the first example, you will note that the second employee, the junior employee entered the service 10 years later than his senior, was promoted to the same level position 4 months later, but is now receiving \$825 more than the senior employee.

Skipping to the third example, you will note that the junior employee entered the service 3 years later, was promoted to level 7 6 months later, but is receiving \$212 more.

This is a few examples of the many in our files of the inequities created under the junior promotion provisions. This inequity can be corrected at a small cost. The estimate is \$4 million, which we fully believe is higher than what it will actually cost. That was the figure submitted by the Post Office Department last year. We know that some of these inequities have since been eliminated by attrition, such as by death, retirement, or the senior employee finally reaching the top step of his level.

Since the senior employees between July 9, 1960, and October 13, 1962, are the only ones to be advanced under this provision, there will be fewer and fewer eligible as time elapses. Mr. Murphy indicated this would be a continuing, longtime process. However, the cost will decrease as more and more employees exhaust eligibility because of the time limits imposed.

We strongly urge the inclusion of section 402 in any action taken by the Senate.

#### STEP INCREASES

Although the salaries at the top steps of the levels may look attractive, a very large number of supervisors will never reach that step. Under the present salary schedule, progression from step 7 to the top step is at 3-year intervals.

Supervisors are promoted from the rank-and-file employees. According to figures furnished by the Post Office Department, the average entry age of clerks and carriers is above age 30. Many of

them do not become supervisors in less than 25 years. This brings the average age to at least 55, which is the optional retirement age. If they are promoted to level 7, they are placed in step 6 and then it takes 13 additional years to reach the top step if they remain in level 7. At this rate, the employee would be very close to the mandatory retirement age. He could not possibly serve 5 years in the top step of his salary grade and establish the necessary "high-five" average for retirement purposes. When an employee is promoted to level 7 he automatically drops back to a lower step. Many will never reach the top step of the new level because of the age factor. If he is promoted above level 7, he again drops back a step or more each time he is promoted, which makes it even more difficult to reach the top step.

This situation is common only in the postal field service, where practically all of the employees enter in the lower levels. In other agencies, many employees enter the service in the supervisory or management grades because there are many more positions in these grades than in the postal service. Only 9 percent of all postal employees are in levels 7 or higher, while 42 percent of the employees under the Classification Act are in grade 7 or higher. A person who enters the classified service in the middle or upper grades would normally have little difficulty in reaching the top step of his grade. In the postal field service, it is almost impossible. We urge this committee to study our recommendations that all steps in the postal field service schedule be at 1-year intervals.

#### FRINGE BENEFITS

Administration witnesses have testified this year that fringe benefits should not be considered piecemeal but should be part of the overall salary bill. There is also the indication that fringe benefits are more liberal in the Federal service than in industry. Last year, Mr. Ewan Clague, who was Commissioner of Labor Statistics, appeared before the House committee and stated that total expenditures for fringe benefits were approximately the same for white-collar employees in private industry and classified employees in Government.

A very important part of Mr. Clague's statement was that the Federal employee makes a larger contribution relative to his basic salary, to his health and retirement programs, than the private employee—about 8.5 percent to about 6 percent. He stated that the Government lags behind in comparability in fringe benefits, except for paid leave. Other sources could be quoted to demonstrate postal employees lag far behind their counterparts in private industry. We believe, however, the statement of Mr. Clague is ample evidence of this fact.

Although we are disappointed in the slight addition the Government would be required to make in the payments for health benefits, we urge this committee to approve section 601 of H.R. 14122 with an immediate effective date rather than in two stages, as recommended by the Administration.

#### OPTIONAL RETIREMENT

H.R. 14122 has a section (504) permitting optional retirement at age 55 with 30 years' service, or at age 60 with 20 years' service, the



option to be exercised by the employee alone. We strongly recommend the retention of this section in its House-approved form. We object strenuously to the option being granted to the various agencies, as requested by the Administration.

We are unalterably opposed to the agencies having the option of forcing employees with 30 years' service to retire. It is difficult for any agency official to make an objective judgment of the value of an employee who has reached the 30-year, 55-age stage. There is a strong possibility, and even a probability, that these employees could suddenly find themselves expendable due to changes in the administration, or even in the staffing of offices. No appeal rights or other protection is offered by the administration. This would be the beginning of the merit system, and would undermine the whole civil service system.

In addition, granting the agency the option to retire the employee at age 55 with 30 years' service would be a penalty on the career employee. To attain age 55 with 30 years' service, the employee would have had to begin his service at age 25 or younger. An employee who began at age 35 would have only 20 years' service at age 55 and could not be retired under this provision.

We can foresee many inequities in this provision. We strongly urge this committee not to include this proposal.

#### EFFECTIVE DATE

We hope that this committee will approve the effective date of the first pay period after July 1, 1966. Any extension of the effective date would widen the increasing gap between industry and Federal salaries. The trend in industry is steadily upward. Despite the suggested guideposts, it is common knowledge that few, if any, union contracts provide less than a 4-percent increase. To keep the situation from becoming worse, the effective date really should be January 1, 1966, but we accept the date of July 1, 1966.

#### CONCLUSION

We strongly urge this committee to:

1. Report out a bill that will have a salary schedule based on current comparability, or as near current as possible, with greater increases in the middle and upper levels than proposed in H.R. 14122.
2. Extend overtime payments to at least PFS-10.
3. Retain the section eliminating the inequities whereby the senior employee receives less money than the junior employee in the same level.
4. Have all step increases at 1-year intervals.
5. Grant optional retirement with the option to be exercised by the employee only.
6. Increase Government contributions to at least 50 percent of the health insurance premiums.
7. An effective date of July 1, 1966.

We appreciate the opportunity of presenting our views and hope that the committee will act favorably and promptly on our recommendations.

The CHAIRMAN. Thank you very much, Mr. O'Dwyer, for your very helpful testimony.

On the matter of health insurance you want that in one step rather than two as recommended by the administration?

Mr. O'DWYER. We believe that would be equitable.

The CHAIRMAN. Do you consider this increase that has occurred in the cost of the health program to be part of the guidelines? The employee is receiving no more because of this; we are merely meeting the rising cost of that medical insurance.

Mr. O'DWYER. Well, we fully agree, Mr. Chairman. We doubt very much that these should be included in the guideposts. We feel they are outside the guideposts and could be more aptly termed catchup rather than increases.

The CHAIRMAN. In your statement you point out that the retirement pay for an employee at 55 after 30 years service would be inadequate. What percentage would that be of his pay?

Mr. O'DWYER. If he retires at 55-30 it would be 56¼ percent.

The CHAIRMAN. At that time it would be really difficult for him to find other employment. It means he would have to live on 56 percent of what his salary was.

Mr. O'DWYER. It is not too easy for an individual to find a job at the age of 55.

The CHAIRMAN. On page 7A, you bring out an idea not mentioned by others that to grant an agency the option to retire an employee at age 55 with 30 years of service would be a penalty on the career employee.

So they could retire an employee who began his career at an early age, but could not retire an employee that came into the service later?

Mr. O'DWYER. That is right.

The CHAIRMAN. On comparability, which you urge us to do our best to meet, you recognize, of course, that this 1 year later by trying it to the BLS data.

Mr. O'DWYER. That is true, we are behind but in this chart we represented, in chart B, the Bureau of Labor Statistics of 1965 demonstrates that we are behind comparability as of that date. In addition we are 3 percent more behind comparability above these figures shown on this chart.

The CHAIRMAN. I think we are 3 percent behind, I think that has been well established.

Mr. O'DWYER. That is right.

The CHAIRMAN. You mention in your statement that the supervisors are denied the premium pay for overtime and are required to take compensatory time instead; is this limited to certain grades?

Mr. O'DWYER. It lies within the 8, 9, and 10, generally.

The CHAIRMAN. You say generally. Below eight is it required that cash be paid, premium pay?

Mr. O'DWYER. PFS-7 and below must be paid for anything in excess of 40 hours a week.

The CHAIRMAN. So it would be mandatory cash payments at the top of grade 7?

Mr. O'DWYER. That is right.

The CHAIRMAN. Eight and above is at the discretion of the Postmaster General?

Mr. O'DWYER. That is right.

The CHAIRMAN. Your estimate was most of this was paid in compensatory time rather than cash?



Mr. O'DWYER. That is right.

The CHAIRMAN. Does this affect the efficiency of the post office?

Mr. O'DWYER. We definitely feel it would affect scheduling on Saturday, which is a lighter day, and then taking compensatory time during the week, which is the heavier periods.

We feel that does affect efficiency.

What is occurring, particularly in the small offices where the assistant postmaster may be a PFS-8 and there may be a foreman, PFS-6; in order to avoid the payment to the PFS-6 they schedule the assistant postmaster, PFS-8, to the Saturday schedule of less than 8 hours and then, in turn, compensate him during the following week for the number of hours involved.

The CHAIRMAN. I see.

Senator Yarborough?

Senator YARBOROUGH. I think this is a very informative statement and in view of the hour and the fact we have other witnesses, I will not ask questions at this time. I will say this, I certainly agree with you on your point that the effective date of this act by July 1, 1966, rather than next January. If we put it off until next January we are still further off.

With the very sharp increase in withholdings May 1, I think most employees are going to have to pull in their belts pretty sharply May 1 to meet their commitments.

I do not mean by my expressed approval of the July 1 date that I express disapproval of the other points.

As the chairman points out you have raised points I have not seen discussed in other statements. Thank you for your comprehensive statement.

Mr. O'DWYER. Thank you.

The CHAIRMAN. Thank you, Senator Yarborough.

We appreciate your testimony, Mr. O'Dwyer and those with you.

Our next witness will be Mr. Joy L. Flud, of the National Association of County Office Employees of Durant, Okla.

The CHAIRMAN. We are happy to have Mr. Flud here to present his statement and to give us the reason for the inclusion of these officers in the Federal pay legislation. You may proceed in your own way.

**STATEMENT OF JOY L. FLUD, PRESIDENT, NATIONAL ASSOCIATION OF ASCS COUNTY OFFICE EMPLOYEES (NASCOE) AND MR. RAYMOND D. VANDERHORST, VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE COUNTY EMPLOYEES**

Mr. FLUD. Thank you. I am Joy L. Flud, Bryan County ASCS office manager, Durant, Okla. As president of the National Association of ASCS County Office Employees, I am representing the 15,000 employees who work in the county ASCS offices of this country. I am assisted by Mr. Raymond Vanderhorst, vice president, Bussey, Iowa, who will have a statement for you. We are also accompanied by Mr. Dillard Lasseter, NASCOE's Washington representative.

We also have with us Mr. Clyde Payne, ASCS secretary from Florida.

NASCOE officers have had the privilege on a number of occasions in the past several years to appear before this distinguished group in behalf of NASCOE members, and I want to take this opportunity to thank you for the consideration you have given us each time we have appeared.

The agency for which we work is the Agricultural Stabilization and Conservation Service. We administer the farm programs at the county level which you, the Congress, provide to benefit the Nation's farm people.

We want to commend this committee, the Congress and the executive branch for their good judgment, in providing, in the Salary Reform Act of 1962, for a continuing study of the Federal pay structure comparing it with compensation in business and industry.

Pay levels comparable with those in competing fields will provide a means that will enable Government to retain trained and efficient employees. In the past our ASCS offices across the Nation have faced the constant problem of seeing trained people leave service in our administration for your farm programs to take positions in business and industry where pay scales and fringe benefits were more attractive.

You have provided a means that will make it possible for us to keep these well trained and qualified people, if you see fit to continue the comparability feature you have initiated.

I will impose on you for only a short time presenting our wishes in connection with the proposed Federal salary adjustments. Our views are consistent with that of many other witnesses that support the principle of comparability. At the same time we know that you must make a fair application that will serve both the interest of the employees and the public.

So, being fully acquainted with your sense of fairness, we are willing to leave the amount to you. Our people will be glad to abide by and respect your decision.

We feel it most important that you specifically include ASCS county office employees in any pay legislation that you approve. All our duties evolve either from congressional action or U.S. Department of Agriculture directive. Sometimes in the past we were not recognized as having Federal functions. I think in our earlier appearances we have established to the satisfaction of this distinguished committee that all our duties are Federal—not State or county—in administering the farm programs in the field that have been provided for by the Congress and the U.S. Department of Agriculture.

If you do not specifically include us in the legislation that you approve, you will be making our ASCS employees not only subject to unfair competition from business and industry, but also our sister agencies of Government.

Your farm programs provide a service to agriculture of which we feel you are proud. We hope you will help us retain our trained people to continue to give good service. Our desire is that this committee will favorably consider a provision that will treat ASCS people the same as other Government employees.

In the event your committee approves any pay raise for Federal employees, we request that you include the section that provides the rates of compensation of persons employed by the county committees



established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (15 U.S.C. 590H (b)) shall be increased by amounts equal as nearly as practicable to the increase provided by this act for corresponding rates of compensation in the appropriate schedule or scale of pay.

We are asking that we be given the same consideration that you were nice enough to give us when enacting the 1962 Salary Reform Act and other salary adjustments legislation since that time.

Our Association also strongly urges and recommends enactment of legislation that would give employees full annuity on retirement at age 55 after 30 years' service. We believe that many of our people with 30 years of service would avail themselves of the opportunity of retiring at an earlier age than is now possible.

I wish again to express our appreciation for the courtesies you have shown us and the opportunity of appearing before this committee to explain the position of our organization on this proposed legislation. The employees in each of the more than 3,000 agricultural counties across the Nation will always be grateful to you for giving me this opportunity to present their views.

Thank you.

The CHAIRMAN. Thank you very much for your very helpful statement, Mr. Flud.

Your present status is not as Federal employees but as employees of the county units paid with Federal money and subject to Federal retirement, is that right?

Mr. FLUD. That is right. We are employed by the farmer-elected county committees but all our funds come from Federal sources appropriated by the Congress. All are directed as classified Federal employees and we are, in our way of looking at it, strictly Federal employees from our view.

The CHAIRMAN. You want the pay bill that is before us to be made applicable to the county committees as nearly as practicable; is that right?

Mr. FLUD. That is then right.

The CHAIRMAN. The issue that has been raised in regard to early retirement, is that of particular applicability to your group?

Mr. FLUD. I might be wrong but I believe since we are under the retirement act if this bill passed it would apply to us.

The CHAIRMAN. Unless you were specifically exempted?

Mr. FLUD. That is right. We feel it should be at the option of the employee on retirement.

The CHAIRMAN. Senator Yarborough?

Senator YARBOROUGH. These employees are paid 100 percent by the Federal Government?

Mr. FLUD. That is correct.

Senator YARBOROUGH. There is no county or State contribution?

Mr. FLUD. We get Government drafts from the State which are 100 percent Federal.

Senator YARBOROUGH. In view of the lateness of the hour I won't ask any further questions.

The CHAIRMAN. I believe Mr. Vanderhorst also has a statement.

We welcome you to the committee and you may proceed in your own manner.

Mr. VANDERHORST. First, we want to thank the committee for hearing our organization and giving us the opportunity to present this testimony.

The statement I have merely supports the statement of Mr. Flud. It also gives a little more background as to our organization and what it stands for but in the interest of time and the fact that Mr. Flud has covered our position fully, with your permission I will just file my statement.

The CHAIRMAN. Thank you very much.

(The document referred to follows:)

STATEMENT BY RAYMOND D. VANDERHORST, VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE COUNTY EMPLOYEES (NASCOE)

I am Raymond D. Vanderhorst, Mahaska County ASCS office manager, Oskaloosa, Iowa, and vice president of the National Association of ASCS County Employees.

Ours is a voluntary organization of county agricultural stabilization and conservation service employees, better known as ASCS employees.

The acceptance of our organization is highlighted by the fact that approximately 93 percent of all ASCS county office employees are members of NASCOE.

The sole purpose of this organization is to promote the welfare of its members. Each State in the United States has a State organization and is affiliated with NASCOE. Likewise each State has two members on the board of directors. NASCOE has three national officers and an executive committee representing the six ASCS geographic areas of the United States. They are:

	Name	City	State
Northwest.....	Jerry Rees.....	Spokane.....	Washington.
Southwest.....	R. M. Christensen.....	Red Bluff.....	California.
South-central.....	Jack Gipson.....	Walnut Ridge.....	Arkansas.
Southeast.....	Ralph Farr.....	Union.....	South Carolina.
Midwest.....	Robert Scales.....	Plankinton.....	South Dakota.
Northeast.....	Evelyn Yeagle.....	Collegeville.....	Pennsylvania.
President.....	Joy Flud.....	Durant.....	Oklahoma.
Vice president.....	Ray Vanderhorst.....	Bussey.....	Iowa.
Secretary-treasurer.....	Clyde R. Payne.....	Jasper.....	Florida.
Past president.....	H. Woodrow Jones.....	New Boston.....	Texas.

The officers and executive committeemen are all full-time ASCS employees with no salaried personnel other than Mr. Dillard B. Lasseter, Post Office Box 381, Washington, D.C., who is on a retainer basis and keeps us advised on legislation and assists us in legislative work.

The Agricultural Stabilization and Conservation employees administer directly to farmers the various Federal programs assigned to them by the Congress, Secretary of Agriculture, Executive order, etc. These consist of such complex USDA programs as agricultural conservation, feed grain, cropland adjustment, wool incentive payments, soil bank, sugar, marketing quotas (tobacco, cotton, wheat, peanuts, rice) and Commodity Credit price-support loans. This is practically all the action programs of USDA.

Previously this committee has determined and the Congress agreed—and we ASCS employees shall always be grateful to you—that we, the ASCS employees on the county level, would have civil service retirement, health and life insurance previously given to other Federal workers and you have included us in your recent pay adjustment bills. You have, also, placed us under the severance pay legislation.

Today, we are before you representing approximately 15,000 ASCS county office employees respectively requesting county ASCS employees be specifically included in any legislation favorably acted upon by this committee in regards to salary and fringe benefits.

As our functions are entirely Federal we have no source, other than you, to ask for salary adjustments and fringe benefits. We don't have a specific recommendation for the percentage of increase in salaries. We know the cost of living has risen and we need larger salaries. We know you will use the facts you have ob-



tained to determine a just increase. We feel county ASCS office employees' salary schedule is, now, below the salary schedule of other Federal workers performing similar duties. If we were not specifically included in pay raise legislation in 1966 it would only widen the gap; therefore, please include us.

In regard to retirement at 55 years of age with 30 years' service, our organization strongly recommends this enactment. Our reasons for enactment are similar to reasons presented to you by other witnesses.

We, also, favor the proposal of transfer of credits from the civil service retirement system to social security for persons with less than 5 years of civil service retirement so they or their families will be eligible for social security benefits.

Again, when the final bill is marked up please be sure wording is included in the bill so county ASCS employees will receive identical pay raises as other Federal workers as well as fringe benefits.

The county ASCS employees of the United States appreciate this opportunity to present our views and we thank you for the past favorable consideration you have given us.

The CHAIRMAN. We have our old friend Mr. Dillard Lassiter, legislative representative of the Organization of Professional Employees of the Department of Agriculture.

I understand you have a statement you would like to make as well and we welcome the opportunity to hear you.

#### STATEMENT OF MR. DILLARD LASSITER, LEGISLATIVE REPRESENTATIVE, ORGANIZATION OF PROFESSIONAL EMPLOYEES, USDA

Mr. LASSITER. Thank you. I was not prepared to testify but I did present my statement and will brief it for you.

The Organization of Federal Employees of the U.S. Department of Agriculture numbers approximately 7,500 employees and I would say about one-third of them are in the Washington area and two-thirds are scattered around the agricultural communities.

Our organization was pleased with the statesmanlike approach taken in the President's statement to Congress on pay-health-retirement. Although there were a few changes which we felt should be made we applauded the effort to meet the needs of the professional employee and stay within the economic guidelines set as a means of stabilizing the economy.

How can the Government attract and keep competent professional personnel? We recognize there are many factors which must be kept in mind. Any self-respecting employee would like to believe that his abilities are recognized and used at the point of greatest need. He wants a certain degree of freedom to "operate". He would like to be in an organization that can be changed to accommodate obvious needs as they appear. But these factors do not take the place of pay. Increasing salaries of the upper grades to at least near comparability with those in industry is likely to bring into the Government those whom the President said we must have. We believe comparability is essential to efficient government now and especially in the future.

#### PAY

*Pay comparability.*—Pay comparability with the private sector of our economy is one of the more progressive goals adopted in recent years. It is of special importance to the professional personnel and the management of units requiring their services. In many agencies, professional employees work with their counterparts in industry. If

Federal employees have the competence to supervise and share leadership for public programs carried out by private firms, their pay should be comparable to those with a like responsibility in industry. The administration's recognition of this is reflected in the differences between the proposed 4.5-percent increase for GS-15 and 1 percent for GS-1 and GS-2. But 4.5 percent in the higher grades barely covers the increase in the disparity between Government and industry. Therefore, we feel obliged both to our members and to our Government to respectfully insist that full comparability is needed if the required competence of professional personnel is maintained now and retained in the future.

*Credit for accumulated time at top of grade.*—We propose that employees be given credit for those months they worked in the top step of their grade prior to the effective date of the 1962 Pay Act, in order to meet the time requirements of extra steps provided for in that act. For example, if an employee had been in the eighth or top step of GS-15 for 3 years on the effective date of the 1962 Pay Act, he could now be placed in the 10th or top step of the grade if his performance merited it.

#### HEALTH

OPEDA fully supports the proposed changes in the health program. The increase in the Federal part of the cost of the health insurance is in line with trends in industry.

We also support the proposal to transfer retirees to the medicare program.

#### RETIREMENT

*Increased annuities for short periods of service.*—Although more than 90 percent of OPEDA's members who have written us are opposed to "combining civil service retirement with social security," we do support the plan to assure an annuity equal to that provided by social security for employees and their families with short periods of Federal service or who have shifted from Federal to non-Federal service. This should assist in providing encouragement of the exchange of competent personnel between the Federal Government, State, and local government as well as with industry. However, this does not correct an inequity keenly felt by many OPEDA members. We refer to the discrimination which the Civil Service Commission has made by including State and county extension agents under Federal civil service retirement but not allowing similar credit for other Federal-State service for those who were brought into the Federal service during the 1930's to fill scientific, technical, and administrative positions in the "New Deal" agencies. These are the "forgotten" professionals of the Federal service. We urge Federal retirement credit for this service.

We approve the provision which will enable an employee with 20 years of service to retire at age 60.

*Maintenance of the retirement fund.*—We see no reason why employees should not share equally the normal cost proposed for the future liberalization of retirement benefits.

OPEDA supports the administration's proposal for maintaining the retirement fund at an ample margin of fiscal safety.

*Retirement at 55 with 30 years of service.*—OPEDA was among those who pioneered the idea of employees being permitted to retire with



full annuity at the age of 55 with 30 years of service. It congratulates the administration on this progressive step. It has been indicated, however, that authority should be given management to initiate action to retire employees at the age of 55 with 30 years of service. Interest in efficiency and productivity in the career service has been suggested as the reason for seeking this authority. If this is to be done, it should be made to apply to all grade levels because declines in efficiency after 30 years of service will not be limited to grades 13 and up. In any case the net effect of granting such authority to management would mean the employees affected could summarily be stripped of job retention rights available to them during the first 30 years of their career service.

Such authority should not be given unless it is tempered by effective restraints and controls to protect employees against misuse from any source and for any reason. Unless the authority is sought for all grade levels, and unless it is accompanied by restraints and controls, higher graded employees can only conclude that the career civil service would be weakened. As proposed, it is a serious threat to the service. Since it is such an important matter, we strongly object to the inclusion of this feature. It merits thoughtful study, and jointly recommended action by management and employee groups.

*Provision for surviving widowers.*—We are extremely interested in the recommendations of the Cabinet's Committee on Federal Staff Retirement Systems for the improvement of survivors' benefits. There is one situation in laws governing survivor benefits that is not specifically corrected by the committee's recommendations. The Retirement Act prevents the widower from receiving an annuity should his wife die in service. According to the new philosophy in the Cabinet's committee report: "The concept of staff retirement benefit as a gratuity, or even as a reward for long and faithful service, has given way through the years to the concept that it, too, is a right earned through past service." We submit that the married female employee is denied the total compensation which her married male colleague is paid. We can only believe that President Johnson failed to make this as a specific recommendation only because this inequity was not brought to his attention.

Under existing law, as amended in 1956, a married female employee can, upon retirement, expect to leave an annuity to her husband. This is as it should be, of course. But it is even more important that she should have this right during employment—when she and her husband may be raising and educating children.

The members of this organization favor the President's proposal that a widow who marries after 60 years of age should continue to receive the annuity left by her deceased husband. But they do not want that benefit to take priority over what they consider to be their right to leave an annuity to their husbands.

OPEDA wishes to thank the committee for this opportunity of expressing its views on these excellent proposals.

Thank you very much, Mr. Chairman, for allowing me to appear at this time and I will be glad to answer any questions that may arise.

The CHAIRMAN. On the matter of health insurance, you feel should not be charged as a guideline benefit to the employee.

Mr. LASSITER. We do not, and we support that change.

The CHAIRMAN. As in the House bill?

Mr. LASSITER. That is right; yes, sir.

The CHAIRMAN. Senator Yarborough.

Senator YARBOROUGH. The average citizen sees the letter carrier and the clerk at the post office window; that is the only Federal official in the rural areas they have contact with. ASCS officers, I don't know how you can do it, but my suggestion is that the county officers take a greater part in the community life.

The other county officials don't feel like they participate in the activities of the community with them.

Mr. LASSITER. You are referring to the county office employees?

Senator YARBOROUGH. Yes, sir. I am not making a complaint I am just telling you what other officers in the courthouse tell us.

Mr. LASSITER. Very briefly let me say this, both Texas and Oklahoma have very fine leadership for this organization and if that situation exists out there it—it must be bad in other States.

Mr. FLUD. We feel most in the ASCS office at home are highly respected.

Senator YARBOROUGH. That is a different question, they are highly respected; highly competent and aboveboard, that is not what I was referring to. Your honor, competency, fine, but what I am saying is they say they are apart.

I am not complaining of your 15,000 efficient employees.

The CHAIRMAN. I think what Senator Yarborough is driving at is the public relationship.

Senator YARBOROUGH. The county officials felt that these men being on the Federal salary and not being elected every 2 or 4 years felt they were a cut above the county officials. This is purely a public relations matter which has nothing to do with the honor of the county agents. You agents hear a lot of complaints of the Federal Government I am certain, don't you?

Mr. FLUD. That is right.

Senator YARBOROUGH. You have a public relations job, we are trying to render more service in the United States and we want you agents to be a part of that service.

The average citizen knows he can vote that judge or sheriff out. I think you have a public relations problem of letting the people know their views are to be considered even though you work in the limited agricultural field.

The CHAIRMAN. Thank you, Senator Yarborough.

We appreciate your appearance, Mr. Flud, Mr. Vanderhorst, and Mr. Lassiter.

The CHAIRMAN. Our next witness is Mr. Floyd Huffman, president of the National Rural Letter Carriers Association.

We are happy to have you here and would you identify your associates for the record?

#### STATEMENT OF MR. FLOYD E. HUFFMAN, PRESIDENT, NATIONAL RURAL LETTER CARRIERS ASSOCIATION

Mr. HUFFMAN. I am accompanied by our national vice president, on my right, Mr. Carey W. Hilliard, and Mr. Joseph W. Emeigh, our national secretary on my left.

I trust you have been provided with a summary statement of our testimony. We would ask in order to save time and expedite the work of this committee that our statement be submitted for the record.



The CHAIRMAN. It will be included in its entirety.  
(The document referred to follows:)

STATEMENT OF FLOYD E. HUFFMAN, PRESIDENT, NATIONAL RURAL LETTER CARRIERS' ASSOCIATION

Mr. Chairman, members of the committee, my name is Floyd E. Huffman. I am president of the National Rural Letter Carriers' Association, an organization of 43,000 members representing regular, retired, and substitute rural letter carriers. I am accompanied by Carey W. Hilliard, vice president, and John W. Emeigh, secretary of our organization.

We appreciate the prompt scheduling of hearings on the pay-fringe benefit legislation by the chairman of this committee, Senator Monroney; and we also are grateful for the dedicated interest which has been demonstrated throughout these hearings by both the majority and minority members.

H.R. 14122, the House-passed bill, is, in our opinion, a most reasonable compromise between the proposals on salary increases and fringe benefits sponsored and advocated by many Members of the House and the recommendation on Federal compensation submitted to the Congress by President Johnson. Recognizing that it is a compromise, and also being fully aware of the budgetary situation we would like to indicate our endorsement and wholehearted support of H.R. 14122.

The salary increase provisions of this bill do not achieve salary comparability under the procedures which we believe were intended under the provisions of the Salary Reform Act of 1962, Public Law 87-793. Federal employees logically assumed that the procedures set forth in this act, in line with the BLS data which has been provided, would result in legislative action to both keep them abreast of the continuing rise in wages in the private sector of the economy and close the gap which clearly exists. Many in the Congress and in the administration have proclaimed the value of comparability and pledged to uphold it in principle and in fact. For one reason or another, however, Federal employees each year have been advised that "this is not the year."

When salary legislation was under consideration last year, John W. Macy, Jr., Chairman of the Civil Service Commission, in discussing the President's proposal before this committee, stated:

"The \* \* \* proposal \* \* \* is not a catchup proposal in order to bring all of these schedules into line with comparability objectives. It is an interim adjustment. It is designed to offset the increases in the market place for private salaries between 1963 and 1964, as shown by the latest Bureau of Labor Statistics."

Now, 1 year later, Federal employees are again facing an "interim" adjustment. Once again "this is not the year." This is, of course, a disappointment. We recognize, however, that great strides have been made in recent years in the field of salary. We are aware of the personal interest of President Lyndon B. Johnson and the constructive action he has initiated in the field of Federal employee salary and fringe benefit legislation. We are also grateful, Mr. Chairman, to yourself and the members of this committee for the important contributions made over the past years in approving and reporting legislation which accelerated the move toward comparability.

Addressing ourselves to the current salary recommendations of the administration, we believe several factors should be given careful consideration. Supplanting the comparability principle with the wage-price guidelines set by the Council of Economic Advisers and guidepost limitations set by the Bureau of the Budget, establishes a completely new set of rules and procedures. The two basic methods appear to be mutually exclusive to each other and the effort to intermix the two gives rise to a bit of misunderstanding, if not outright confusion. Comparability is based on the BLS statistical data relating private industry wage rates to those paid positions of similar rank within the Federal service. It has frequently been stated that no exact comparison is possible, but the formula followed since the enactment of the 1962 Salary Act has established a precedent for comparison which appeared to be working satisfactorily. As we understand guidelines, it is a formula which ties wage increases to productivity. If comparability were achieved then the switch to the wage-price guidelines would be a far more convincing and valid move.

It is recognized that there is a lag in bringing Federal pay rates up to those of private industry. The lag, as of the March 1965, BLS data approximates 2.5 to 3 percent. Earlier estimates seemed to indicate that private industry rates would continue to rise approximately 3 percent during the current year of 1966. Information on recently negotiated wage contracts makes that estimate suspect.

Daniel L. Harbour, chief of the economic unit of the Bureau of National Affairs, speaking recently at an industrial relations conference sponsored by Chicago's Loyola University, predicted that the wage increases will average 9.5 cents per hour in all industries this year—1 cent higher than the average in 1965. We would point out that this prediction deals with wages only and does not include fringe benefits. Despite these facts, the administration's recommendation would grant a salary increase averaging 2.85 percent. This average increase is applied throughout the salary schedule in amounts ranging from 1 to 4.5 percent. We can well appreciate the intent of this percentage spread understanding that it is designed to grant higher increases to the upper grades where the comparability lag is alleged to be the greatest. It is difficult, however, to rationalize that approach geared to comparability when, for all practical purposes, the pay recommendations are tied to the wage-price guidelines. If the purpose is not to disturb these guidelines, then it is difficult to rationalize that 4.5 percent in upper grades will not do so. No one can question but that comparability is being shelved. If this is the case then it appears to be far more realistic to at least affect the maximum increase within the wage-price guidelines for the rank-and-file employees.

If the comparability distortions presently with us are not to be corrected, then surely consideration should be given to the dollar amounts involved. The wage earner in greatest need is the one in the lower levels of the salary scales. The rising cost of living clearly indicates that it is the basic bread-and-butter items that are causing the wage earner's dollars to shrink. Certainly if a sacrifice in salary dollars is to be made, it would be easier for the family where the breadwinner is currently enjoying an above-average salary. Additional dollars in pay checks for employees up to the middle grades would go for basic items of food, shelter, clothing, and the rising costs of other items of necessity. The across-the-board increase approved by the House Post Office and Civil Service Committee in the Morrison bill, H.R. 14122, and the approval of that bill by 393 to 1 in the House of Representatives would certainly substantiate that this is the position of the Members in the other body.

Rural carriers, just as other Federal workers, take pride in playing the role of good citizens and dedicated, loyal employees. When sacrifices are necessary for the good of our Nation, for the protection of the American way of life, then we join with the public spirited throughout the Nation to make whatever contribution and/or sacrifice necessary. If that contribution means restraint in an effort to stem the evil force of inflation, which in the long run is disastrous for all, then we endorse all restraints that are necessary. We trust, however, that in the good judgement of this committee, and of the Senate, that fairness and equity in the matter of pay will be equated with the needs of restraint. We believe the across-the-board increase provided in H.R. 14122 is a sound approach if it is not now possible, in deference to the wage-price guidelines, to effect true comparability.

The members of this committee have demonstrated time and again that they have a serious, devoted interest in the welfare of rural carriers as well as all Federal employees. We know the members of this committee fully appreciate the value and worth of the services rendered by Federal workers. We are also certain that the members of our association have an understanding of the problems which beset us as a nation, and we have a deep appreciation of the difficult and serious decisions which must be made by all Members of Congress as they exercise the awesome responsibility of serving the interests of all our citizens.

Immediate past history will show that the Congress has demonstrated concern for the pay, fringe benefits, and working conditions of the Federal employees. We have no reason to believe that this interest is any less sincere today as the question of Federal pay is considered. Approval of the pay provisions of H.R. 14122 would, in our opinion, be accepted as a progressive move forward even though we may be traveling along the road of comparability at something less than full speed.

#### FRINGE BENEFITS

Mr. Chairman, members of the committee, we are quite pleased that the President in his message to the Congress did make recommendations for improvements in the retirement and fringe benefit field. This is a part of the employment-benefit package which we believe should be improved as early as possible.

We submitted recommendations to the Cabinet Committee setting forth quite a number of liberalizations which we believe to be desirable and merited. The first recommendation, relative to civil service retirement, was the employees be granted the privilege of 30-year optional retirement on full annuity. We are



grateful that this long-expressed desire of Federal employees has finally won approval within the administration and that the President included this as one of his recommendations to the Congress. We are grateful that the House bill contains this provision, as well as the option for retirement at age 60 with 20 years of service. We wholeheartedly endorse this part of H.R. 14122 and trust that this committee will retain these amendments to the Retirement Act in the bill approved.

We regretted that the House Post Office and Civil Service Committee, in deference to the jurisdiction of the House Ways and Means Committee, could not include the provision for a transfer of credits between social security and civil service retirement. This is a very important recommendation of the President's Cabinet Committee. It would guarantee that retirement, disability, and survivor benefits would not be denied to those who die, become disabled, or leave the Federal service before completing 5 years of civilian service, which is the minimum requirement to gain eligibility for benefits under the Civil Service Retirement Act. We have heard the testimony of administration officials wherein they have pointed out that this item must be considered as a cost item within the 3.2-percent wage-price guidelines ceiling. It is most difficult to rationalize this point of view. This is a protection which has been long denied, one which is clearly recognized as merited and desirable, and one which we believe should not be delayed.

We also support the provisions in H.R. 14122 which would provide for a recomputation of annuities for persons who retired between April 1, 1948, and October 10, 1962, in order to effect the lesser cost of providing a survivorship annuity enacted in Public Law 87-793 and to establish the survivorship annuity at 55 percent of the earned annuity of the deceased spouse. Likewise we consider it a most progressive step forward to amend the Retirement Act to extend survivor annuities to student children until 22d birthday in place of present "end of school year when 21st birthday is reached" and to continue survivor annuities at age 60 or over upon remarriage and to provide for reinstatement of discontinued survivor annuities in those cases where the remarriage is terminated. We feel, on the basis of equity, that the provisions relative to survivorship annuities in H.R. 14122 should be made retroactive. The liberalizing of retirement benefits for those now on the annuity rolls is another item which should not, in our judgment, be applicable to the 3.2-percent maximum established under the wage-price guidelines for pay and benefits to be granted to Federal employees. We are fully cognizant that increased costs are involved but in making recommendations to the Cabinet Committee relative to retirement liberalizations, this association also urged that the financial conditions of the retirement fund be strengthened by a formula for increased contributions by the Government, designed first to recoup past losses due to the failure of the Government to make deposits; and second to provide a sound actuarial condition for the future by an improved method of financing, including an increase in contributions of employees, as necessary, to halt the increasing actuarial deficiency and to permit the liberalizations we have been seeking.

We still subscribe to the need for an improved financing. Whether or not the 0.5 percent being recommended by the administration is the proper amount rests with the good judgment of this committee. Our membership, however, desires liberalizations in our retirement system, and we are fully cognizant of the fact that the fund must be shored up by a more realistic funding procedure if its financial stability, even with present benefits, is to be maintained. Under the administration proposal, the agencies of Government would also increase their contributions on an equal share basis. We also endorsed the proposal which would require the Congress to vote appropriations for the retirement fund each time there are actions which would increase the liability of the retirement fund.

#### HEALTH BENEFITS

We were pleased that the message of the President recognized the inadequacy of the present Government contribution to the cost of the Federal health plans, and we are grateful that the House saw fit to provide a revised costing formula in H.R. 14122 that would restore the original ration of costs which existed when the Federal Health Benefits Act became effective in 1960. As Senator Yarborough pointed out during the course of these hearings, the intent of Congress in establishing the health plan was to set a 50-50 costing formula. The 50-50 division of costs, however, is applicable only in the Government-wide low option with the lowest premium.

This is a costing formula which has proven to be unrealistic. Unless it is changed by new legislation, the vast majority of employees enrolled in the Federal health plans will continue to assume a larger share of the premium costs. This is due to the fact that the low options are limited in many ways as to the dollar amount of benefits provided and thus, generally, total costs of these plans do not reflect the rising costs of health care. They cannot be compared to the high options which grant a type of open-end coverage—meaning the benefit structure is geared to assume both the rising costs for greater utilization by the insureds and the rising costs of health care incurred.

The low options, although they provide limited benefits, still appeal to approximately 15 percent of the enrolled insureds—85 percent of Federal employees have recognized the need for greater protection and have enrolled in the high options. The Government's contribution, however, remains tied to the low-option formula and it completely fails to provide what we sincerely believe to be a fair sharing of costs in this important area of fringe benefits.

When the rural carrier benefit plan was established in July 1960, under the Federal Employees Health Benefits Act of 1959, the low option, self and family enrollment, reflected a 50-percent sharing of costs or \$6.76 per month for both the employee and the Government. Today those enrolled in this option pay 54 percent of the premium cost with the Government's share shrinking to 46 percent.

We have long urged that the Government's contribution be at least 50 percent of the premium costs. Mr. Ewan Clague, then Commissioner, Bureau of Labor Statistics, presented data in hearings before this committee last year noting that one-fourth of the companies in the BLS survey paid all the costs of health, accident, and life insurance plans, and that three-fourths of those with contributory plans paid more than half the costs. H.R. 14122 does not establish a 50-50 sharing of costs but it does at least restore the original cost-sharing formula. It is a merited and justifiable move forward in this area, and is a provision strongly endorsed and supported by this association.

Once again, it is difficult to rationalize that required expenditures to restore the original cost-sharing formula applicable to the Federal health plans should be considered a "new" benefit, and the increased expenditure charged to the wage-price guidelines. This is not a new benefit; it is merely a reflection of the increased costs to maintain a program authorized by the Congress in 1959. Those insured in these plans have had to assume the total increased premium costs which have been necessary to maintain the benefit structure. It was established as an employer-employee contributory plan and the fact is that the Government, under the cost-sharing formula set and followed to date, has failed to assume its proper share of the sharply rising costs in this benefit area.

Thoughts quite similar to our own, relative to the administration stand that any additional costs in this area are wage-price guidelines have been expressed by the chairman, Senator Monroney, and by the ranking minority member, Senator Carlson. We happily associate ourselves with the expressed viewpoints and trust that the needed and justified increase in the Government's share of health insurance contributions be retained in the bill to be approved by the committee.

In closing Mr. Chairman, we would like to commend the committee and the Senate for approval of H.R. 6926, the bill to liberalize the Federal Group Life Insurance Act. This bill, as amended by this committee, goes a long way in accomplishing the goals of this association relative to Federal group life insurance. The 43,000 members of our organization are grateful for the progressive action taken by the committee in that bill. We trust the Senate-approved bill will be accorded hearings in the House and that it may be enacted by this Congress.

Mr. Chairman, members of the committee, may I again express our appreciation for this opportunity to appear before you and offer our views and recommendations on the legislation being considered.

Mr. HUFFMAN. The following are the major items discussed in our prepared statement submitted for the record. Number 1, the National Rural Letter Carriers strongly endorses and wholeheartedly supports the House passed bill, H.R. 14122. We believe it recommends a most reasonable compromise on salary increase and fringe benefits.



Number 2, supplanting the comparability principle with wage-price guidelines establishes a completely new set of rules and procedures.

The two basic methods appear to be mutually exclusive to each other and the effort to intermix the two gives rise to a bit of misunderstanding, if not outright confusion. As we understand the guidelines, it is a formula which ties wage increases to productivity. If comparability were achieved then the switch to the wage-price guidelines would be a far more convincing and valid move.

All indications are that wage increases for the current year of 1966 will exceed the guidelines. This, coupled with the existing lag in comparability, certainly justifies an increase higher than that recommended by the administration. Despite this, the recommendation before the committee would grant a salary increase averaging 2.85 percent throughout the various salary schedules in amounts ranging from 1 to 4.5 percent. We can well appreciate the intent of this percentage spread, understanding that it is designed to grant higher increases in the upper grades where the comparability lag is alleged to be the greatest. It is difficult to rationalize that approach geared to comparability, however, when, for all practical purposes, the pay recommendations are tied to the wage-price guidelines. If the purpose is to not disturb these guidelines, then it is difficult to rationalize that 4.5 percent to the upper grades would not do so. No one can question that comparability is being shelved. If this is the case, then it appears to be far more realistic to at least effect the maximum increase within the wage-price guidelines for rank-and-file employees. If the comparability distortions presently with us are not to be corrected, then surely consideration should be given to the dollar amounts involved. The wage earner in greatest need is the one in the lower levels of the salary scale. The rising cost of living clearly indicates that it is the basic bread-and-butter items that are causing the wage earner's dollar to shrink.

Certainly, if a sacrifice in salary dollars is to be made, it would be easier for the family where the breadwinner is currently enjoying an above average salary. Additional dollars in paychecks for employees up to the middle grades would go for basic items of food, shelter, clothing, and the rising costs of other items of necessity. The across-the-board increases approved by the House Post Office and Civil Service Committee in the Morrison bill, H.R. 14122, and the approval of that bill by 393 to 1 in the House of Representatives would clearly substantiate that this is the position of the Members in the other body.

We recommend and strongly urge this committee to retain the across-the-board increase provided in H.R. 14122.

1. We wholeheartedly support and endorse the provisions of H.R. 14122 which would grant optional retirement at age 55 with 30 years of service and at age 60 with 20 years of service. Retirement at age 55 with 30 years of service has been a long-sought goal and we trust these amendments to the Retirement Act will be retained.

2. We recommend that the committee amend H.R. 14122 to provide for the transfer of credits between social security and civil service retirement to guarantee retirement, disability, and survivor benefits to those who die or become disabled before completing 5 years of Federal civilian service, which is the minimum to qualify for benefits under the Retirement Act.

3. We support the provisions of H.R. 14122 providing for recomputation of annuities for those who retired between the period April 1, 1948, and October 10, 1962, in order to effect the lesser cost of providing a survivorship annuity as provided in Public Law 87-793, and to establish the survivorship annuity of 55 percent of the earned annuity of the deceased spouse; the extending of survivorship benefits to student children until their 22d birthday. We also support the provision to continue survivor annuities at age 60 or over upon remarriage, and to reinstate survivorship annuities in those cases where the remarriage is terminated; and in equity, we believe this provision should be made retroactive.

4. In making recommendations to the President's Cabinet committee, relative to retirement liberalizations, this association also urged that the financial condition of the Retirement Fund be strengthened by a formula for increased contributions by the Government, designed first to recoup past losses due to the failure of the Government to make deposits; and second to provide a sound actuarial condition for the future. Our membership desires liberalizations in the Retirement Act and we are fully cognizant that the fund must be shored up by a more realistic funding procedure if its financial stability, even with present benefits, is to be maintained. We subscribe to the need for an improved financing, including an increased contribution by employees. Whether or not the 0.5 percent being recommended by the administration is the proper amount rests with the good judgment of this committee.

5. We endorse the provision of H.R. 14122 which would restore the cost-sharing formula in the Federal health plans which existed at the time they were established in 1960. In our prepared testimony, we noted that the cost to the insureds has continued to rise while the cost to Government, on a ratio basis, continues to grow less. It is an employer-employee contributory plan and there is no valid reason why the Government's share should be adjusted to retain at least its original percentage contribution.

Senator Yarborough noted during these hearings it was the intent of the law to have 50/50 sharing when the item was first considered. We do not believe that this item should be considered as a part of the wage-price guideline costs. It is not a "new" benefit but is merely picking up increased costs for a benefit established in 1959.

Mr. Chairman, we appreciate the opportunity to appear before this committee and offer our views and recommendations on the legislation that is being considered.

The CHAIRMAN. Thank you very much, Mr. Huffman.

Senator Yarborough was mentioning the public relations job done by all employees and certainly all of us in Congress appreciate the fine relationship between the rural carriers and people on their routes and the extraordinary service you perform.

Mr. HUFFMAN. Thank you, Mr. Chairman, as an organization we are quite proud of our membership and the relationship to the people they serve in providing complete postal service to rural patrons.

We tell them in our organizational meetings that they are the one Federal employee that has day-to-day contact with rural populations by giving full and complete service to the patrons.

Senator YARBOROUGH. I want to associate myself with the chairman's remarks about the fine service rural carriers do. I find in some



cases they are the most beloved Federal employees. For 3 years of my life I taught school 6 miles from the highway and railroad, there were dirt roads, hard to get over, but the rural carrier came through the mud and high waters, sometimes crossing if nobody else crossed. And he got the mail there, came though in all kinds of weather, rain, snow or anything, and as the chairman pointed out he shared the hardships with people on those routes.

On rainy days he came when the farmers could not even get in the fields. We appreciated that fact he came and rendered that service. I certainly concur with the chairman. I don't know of any group in America other than the rural carrier that is more highly esteemed.

I have never had a complaint in my 9 years service in the Senate of any rural carrier being discourteous on the route. People may not always write approving something that is right but if it is not right they do write.

I have not had a single complaint on any letter carrier. That is one of the fine testimonials of the cheerful, friendly service you render. I congratulate you warmly.

Mr. HUFFMAN. The State of Texas has the greatest number of rural routes.

Senator YARBOROUGH. We did have the longest, do we still have the longest?

Mr. HUFFMAN. I think not.

Senator YARBOROUGH. Did Alaska take it away from us? We had the longest for a while.

Mr. HUFFMAN. I might point out the postal service provides this service to one-fifth of the Nation's population, 36 million Americans.

Senator YARBOROUGH. You have one-fifth of the population you serve and a far higher percentage of the area. Have you ever estimated the area?

Mr. HUFFMAN. I don't know about the complete area, but it would be a large percent.

Senator YARBOROUGH. Probably over 80 percent?

Mr. HUFFMAN. It is 1,890,000 miles a day, 6 days a week.

Senator YARBOROUGH. I want to congratulate you on your statement, particularly where you have a cogent statement of how this bill gets away from comparability and moves over to wage-price guidelines and then to some extent confuses the two and talks about part of one principle and part of another.

This is the best statement on that I have seen.

The CHAIRMAN. You mention that you serve one-fifth of the population, this continues to grow, does it not, because of the expanding sprawl of our cities? Much of the new additional mail load that grows up around the cities has to be served by the rural carriers rather than by the foot carrier.

Mr. HUFFMAN. At the present time it is approximately 27 percent of the rural routes of the Nation that are classified heavy duty.

The CHAIRMAN. How much?

Mr. HUFFMAN. Approximately 27 percent, something in excess of 8,000 and this is in the urban areas that you spoke of.

The CHAIRMAN. While the number of farmers to square mile has decreased, the movement out from the center of the cities to the periphery has continued to grow in rapid proportion?

Mr. HUFFMAN. We think perhaps the movement of the population, the rural delivery service has leveled and now may continue to increase.

I might point out during the last 30 years the number of rural carriers has decreased by about 10,000.

The CHAIRMAN. What percent?

Mr. HUFFMAN. About 25 percent fewer carriers than there were 30 years ago, yet we are traveling more than 400,000 miles a day than we did 30 years ago with the improvement of automobiles and roads and are serving more people than we did.

The CHAIRMAN. Has the number of lady rural carriers moved up in numbers? It used to be quite small.

Mr. HUFFMAN. At the present time it is something over 500; about 1½ percent of our rural carriers are now lady carriers and a great percentage of the substitutes are lady carriers.

The CHAIRMAN. Senator Yarborough?

Senator YARBOROUGH. I believe the number of rural carriers is declining not only over a 10-year period but from year to year.

Mr. HUFFMAN. Yes, up until the present time but now we think that it has reached a level position and in the future may increase.

Senator YARBOROUGH. Due to these routes the chairman described on the outskirts of the city?

Mr. HUFFMAN. We think also due to the movement of industry to the rural areas. This is going to be a way of life.

Senator YARBOROUGH. It is more of the movement to get away from the city limits and municipal taxation.

Thank you, Mr. Chairman. I have nothing further.

The CHAIRMAN. In order to expedite the hearings as much as possible so we can have a bill ready for the floor, the committee is going to try to meet this afternoon if we can secure the attendance of members.

At this time we will recess and meet at 2 o'clock. Our witnesses will be Mr. John McCart, Government Employees Council, AFL-CIO; Mr. John Snyder, National Association of Postmasters; Mr. Harold McAvoy, National Association of Mail Handlers; Mr. Charles Caffrey, Council of Federal Professional Organizations; and Mr. Russell Stephens, American Federation of Technical Engineers.

Senator YARBOROUGH. I want to approve the chairman's move to expedite this bill, I want to express my regret I probably won't be able to be here this afternoon.

That is not from lack of interest as to what these witnesses have to say; I will read their statements before the record is printed.

The CHAIRMAN. We will meet from 2 to 3.

The committee will stand in recess until 2 o'clock.

(Whereupon, at 12:15 p.m., the committee recessed, to reconvene at 2 p.m. the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The Post Office and Civil Service Committee will resume its hearings on H.R. 14122, the Federal Salary and Fringe Benefits Act of 1966.

Our first witness is Mr. John McCart, operations director, Government Employees Council, AFL-CIO.



Will you please come forward.

I apologize to those who were going to be witnesses for having an afternoon session, but we are anxious to get this moving along.

**STATEMENT OF JOHN McCART, OPERATIONS DIRECTOR,  
GOVERNMENT EMPLOYEES COUNCIL, AFL-CIO**

Mr. McCART. We appreciate your scheduling the hearings both morning and afternoon in order to get this bill out.

We have supplied the committee with copies of our formal statement, and with your approval I would like it to be carried in the record.

The CHAIRMAN. It will be carried in full, and you may summarize.

Mr. McCART. The Government Employees Council and its 30 affiliates representing a significant segment of Federal employees in the postal, classified, and wage board services requests early action by Congress to provide equitable salary adjustments for those in the postal and classified schedules and improvements in other benefits affecting all Federal workers.

We appreciate the action of you, as chairman, and your distinguished colleagues on the committee in arranging these prompt hearings on legislation vital to the welfare of all Federal employees and their families.

Commendation is certainly in order to the President and his assistants for their recommendations to improve pay and other conditions of Federal employment. It is encouraging to witness this constructive approach toward the advancement of conditions of these men and women as public employees.

But we must honestly disagree with the specifics advanced by other witnesses representing the administration.

Pending before the committee is H.R. 14122 providing salary adjustments and other benefits for Federal classified, postal, and wage board employees. Consequently, our testimony will be directed principally toward that legislation.

In October 1962, Congress wisely adopted the principle that thereafter the salaries of Federal classified, postal, and related occupations would be comparable with private enterprise rates.

Unfortunately, this goal has proved quite elusive. Now, some 4 years later, these Federal employees are still searching for incomes which will make that promise a reality.

We recognize, of course, that progress has been made since the enactment of the Postal Service and Federal Employees Salary Act of 1962 toward attainment of the fundamental purpose enunciated in that law. But as a matter of fact, the basic aim of that statute has not been secured by the employees.

And this despite the fact that the principal parties involved—the legislative and executive branches and the employees—have all subscribed to the comparability concept.

Last year, AFL-CIO President George Meany served as a member of President Johnson's Special Panel on Federal Salaries. On April 14, 1965, he expressed general agreement with the recommendations of his colleagues on the panel, but disagreed on several items.

One of these points involved "comparability." Mr. Meany offered these pertinent observations:

But all we have is a concept, for, as the report points out, full comparability has not been achieved. In much of Government employment, in fact, we have not even approached comparability.

What is even worse, the majority of the special panel have failed to urge immediate achievement of full comparability. In my opinion, this is a grave disservice to Government employees and to the Nation.

Less than 2 months ago, the executive council of the AFL-CIO reiterated its support of Mr. Meany's 1965 position.

We are concerned over the failure of the administration to propose to Congress measures to achieve full, current comparability between private industry and Federal Government salaries paid postal and other Federal workers.

As in the past, employees are confronted with a serious problem in the pay-fixing machinery which has plagued them since the inception of the concept of a Federal pay structure reflecting changes in private industry.

I refer to the lapse of time between collection of data on private sector rates by the Bureau of Labor Statistics and the translation of these figures into concrete salary recommendations by the executive branch to Congress.

Bureau of Labor Statistics Bulletin No. 1469, which reports the most recent survey of private sector salaries used as a basis to compare Federal and postal pay, was developed on findings in February-March 1965. Not until March 7, 1966, more than 1 year later, did Congress receive recommendations for adjusting Federal salaries pursuant to that survey. At least some of these private-industry salary rates were established in 1964.

If the executive branch's suggested effective date, January 1, 1967, is accepted, employees will be paid rates prevailing almost 2 years before. And, in many instances, they will not be comparable with private industry scales even that recent.

From a technical standpoint, it is possible that processing salary data collected by BLS and its assimilation by the Civil Service Commission and Budget Bureau cannot be substantially accelerated. This does not justify restricting salary movements of Federal workers to the level attained a year or two ago by employees of private concerns.

Rather, it emphasises the necessity for congressional action to provide pay for postal and classified workers reasonably current at the time of enactment. People with family responsibilities should not be required to suffer economic hardship because the machinery for fixing their salaries cannot keep pace with current developments in the labor market.

Nor can reliance on salary levels in private firms serve as an adequate substitute for obvious facts. The consumer price index for February 1966, was calculated at 111.6. This figure is 2.5 percent more than in February 1965. The cost of essentials, such as fruit and meat, has risen further this year.

The simple fact is that it costs a Government employee substantially more to feed, house, and clothe his family today than a year ago.

In May 1965, AFL-CIO economists announced the results of updating the Labor Department's city worker's family budget for 1959.



These calculations revealed that an average worker with a wife and two children, 13 and 8 years old, required \$6,418 to purchase necessities, and a few amenities. No allowance was made in this figure for savings or luxuries.

Federal employees in level 4 of the postal schedule and GS-5 of the general schedule would have to occupy step 9 of their grades before receiving this amount. Thus, a postal worker would have to be in level 4 for 12 years, and his classified counterpart in GS-5 for 18 years before attaining the modest annual salary indicated in the updated city worker's budget.

Even under the schedules developed from the administration's proposal, the city worker's budget figure would only be available at step 8 and above.

While a substantial number of Federal employees are assigned to higher grades than those noted above, there are even more who must earn a living in the lower grades and levels. More than 470,000 classified workers are found in grades GS-1 through GS-5, and postal levels PFS-1 through PFS-4 are occupied by more than 400,000 employees.

The average increase involved in the administration's recommendations amounts to 2.85 percent. In the light of increases in private industry salaries, productivity, the time lapse between the most recent salary survey and the present, and rise in the cost of living, salary adjustments substantially larger than those proposed by the executive branch are justified to produce current comparability.

In the light of this evidence, it is apparent that the salary adjustments now under consideration are long overdue. Rather than make them effective in January 1967, we believe the increases should be implemented as soon as possible. In no case should the effective date extend beyond July 1, 1966.

Government employees are quite conscious of the necessity for all-out support of our national effort in Vietnam, and the desirability of curbing any serious inflationary tendencies in the economy. As public workers, they have an opportunity to contribute daily to effective Government service.

The basic question, however, is whether their salaries will enable them to acquire and maintain a decent standard of living. If not, action must be taken to assure them that they will at least keep pace with the general wage trend in the private sector.

Nevertheless, the exigencies of our commitment in southeast Asia and our national economy demand forbearance and cooperation. Therefore, we accept in that spirit the salary increases developed in H.R. 14122, which conform to the existing guideposts.

#### ANNUAL SURVEYS

Last year, the joint report of the Civil Service Commission and Bureau of the Budget on Federal and private salary systems asserted that the Bureau of Labor Statistics would seek funds to extend its surveys to smaller communities and smaller companies, with less than 250 employees.

One step in this process has been undertaken. BLS Bulletin No. 1469 asserts that the geographic coverage of the 1965 survey has been expanded to include nonmetropolitan counties in addition to metro-

politan areas. In this survey, however, the data were tabulated so that separate presentation of the metropolitan findings could be made.

We are assured that these data represent only 8 percent of the areas studied. But even this fraction can influence the total figures, and does not augur well for future surveys, if the practice continues.

The 1965 review continued the limitation of coverage to companies employing 250 or more workers. We do not know whether the initial proposal for expanding the survey to smaller firms has been abandoned.

It is the view of the council that if any change is to occur in the size of the firms surveyed, it should be in the direction of larger establishments.

More than 75 percent of the Federal employee population is concentrated in large metropolitan areas. Living and working conditions of a great majority of Federal workers are geared to an urban economy.

As an employer, the United States has far more personnel than the largest private corporation. Thus, it is logical to confine the survey to larger companies.

In 1965, also, the administration requested an amendment to the 1962 Salary Reform Act, authorizing expansion of the present annual survey to State and local governments and nonprofit organizations. Fortunately, Congress did not concur in this request.

At present, there is pending before the Appropriations Committees requests for funds to finance a survey of salaries and related benefits in State and local governments. We certainly have no objection to BLS undertaking such an examination. But we must dissent vehemently if the results of this review are to be used in any manner to compare Federal salaries with those in non-Federal Government jurisdictions.

Parenthetically, it should be noted that employee organizations were not consulted in the development of any of these proposals.

All of these occurrences could result in reducing the comparison yardstick to the detriment of postal and classified employees.

The council, consequently, heartily subscribes to a searching examination by this committee either separately or jointly with the House Office and Civil Service Committee into the annual survey methodology, so that there will be a complete understanding on the part of Congress, the executive branch, and the employees of the rules which will be used to make the comparison.

#### RETIREMENT

For many years, unions associated with our council have advocated the right of Federal employees—postal, classified, and wage board—to retire on full annuities after 30 years of service, regardless of age.

In recent years, we have supported retirement at age 55 with 30 years of service, and no reduction in pension, as a step toward ultimate attainment of the first objective.

We are encouraged that the President has adopted the recommendation of his Cabinet Committee on Federal Staff Retirement Systems, permitting retirement on full earned annuity after 20 years' service and 60 years of age, and with 30 years of service at age 55.

This is a desirable feature of H.R. 14122. However, we are emphatically opposed to that aspect of the administration's proposal permitting agencies to compel employees in this category to retire.



Out concern is twofold.

Even if the contention of the administration spokesmen that this mandatory retirement at 55 meets "a longfelt need of management officials" were valid, it ignores completely the numerous other methods of dealing equitably with employees at GS-13 and above—and similar levels in the postal and wage board service—whom they believe are not producing as effectively as before. Reassignment to another agency or another position offers just one such possibility.

However, against this we must balance the absolute power Federal executives will wield over the decision to continue an employee or to require him to retire. At all times after reaching age 55 he will have the sword of compulsory retirement hanging over him.

It is not at all unprecedented for agencies to use their present authority in the retirement field to penalize employees who do not conform, or have personal difficulties with their superiors.

Apparently, there would be no appeal from an unjust compulsory retirement.

Our second concern is that adoption of such an innovation with respect to GS-13 and above would be only one step in a process that would ultimately involve rank-and-file wage board, classified, and postal workers.

Thus, while the council endorses the concept of voluntary retirement at age 55 with 30 years' service, and full annuity, we must vigorously object to insertion of the agency option to demand such retirement.

Provision of annuity rights for employees and surviving widows and children at least equal to social security benefits are desirable improvements in the present system. We are happy to endorse them.

Whatever improvements are made in the Federal retirement system, the council does not feel employees should be required to increase their contributions to the program until action is taken on funding the retirement system.

Similarly, the council believes that features of the current bill permitting widows who remarry to retain their annuities under certain conditions, recomputing pensions of those who retired between 1948 and 1962 and elected survivorship benefits for their spouses, and increasing from 21 to 22 the age at which surviving children-students may continue to receive benefits are all desirable improvements in the civil service retirement program.

#### HEALTH BENEFITS

The council is grateful for the administration's recognition of the problem created by the real-dollar decline in contributions by the Government to the health benefits program in comparison with the amount contributed by wage board, classified, postal, and other employees.

When the health benefits program was enacted, the general principle underlying cost was that the employer and employees should share the expense equally. However, under the precise terms of the law, the 50-50 relationship was applied only to the low-option indemnity plan.

Today, approximately 85 percent of Federal employees participating are covered by high-option plans. Initially, the Government's con-

tribution to this kind of coverage was approximately 38 percent. But as the cost of this coverage has increased, the Government's share has declined to a point where it is now slightly less than 30 percent.

Thus, the vast majority of the employees are bearing more than two-thirds the cost of their medical, surgical, and hospital benefits.

For this reason, the council was most pleased to learn of the administration's recommendation to restore the original relationship for sharing the cost. It speaks well for the Federal Government in its effort to remain in the ranks of enlightened employers.

Nevertheless, our organization has maintained since its inception that the Government should improve its contribution to the program so that equal sharing of cost will be a fact for all covered employees.

Time does not permit an extensive justification of our position. Let me refer simply to the Bureau of Labor Statistics' study of wages and related benefits in 80 metropolitan areas for 1964-65—Bulletin No. 1430-83.

For plantworkers, 58 percent of the companies provide hospitalization and surgical insurance coverage free to employees, while for office employees the figure is 46 percent.

In the light of this evidence, our recommendation for increasing the Government's share of health benefits premium to 50 percent is modest, indeed. If the decision is reached to limit the Government's increase to the 38 percent established in 1959, we believe it should be accomplished this year, not in two installments.

#### MISCELLANEOUS

Several other matters affecting pay deserve the attention of the subcommittees. We will deal with them briefly.

In reporting H.R. 14122 to the House, the Committee on Post Office and Civil Service addressed itself to the continuing problem of temporary employees in the postal service. We subscribe to the committee's concern over this matter, and applaud its intent to expand career opportunities by controlling the use of temporary workers.

This is a desirable objective in any public merit system. It assures management of a stable workforce, and provides greater career opportunities for workers.

The pending bill corrects salary inequities for some senior postal employees resulting from enactment of pay increase legislation in 1962 and 1964. Section 402 of H.R. 14122 rectifies this situation by providing salary protection for these senior employees in crediting their service for advancement in the salary schedules before and since October 1962.

The language in the bill applying the increase in uniform allowances approved by Congress last year for various categories of Federal employees is not only appropriate, but necessary.

Unfortunately, Federal workers officially required to wear uniforms have not realized the benefit intended by Congress.

Federal agencies, including the Post Office Department, should not compel employee unions to bargain under Executive Order 10988 for improvements already granted through congressional action.

Section 407 makes crystal clear the purpose of the legislative branch in increasing the uniform allowance.



In enacting Public Law 89-301 last year, Congress provided additional pay amounting to 125 percent of base salary for postal employees required to work on Sunday. The council supported this feature of the legislation before enactment.

We are pleased to note in H.R. 14122 extension of this principle to other groups of classified and wage board employees in the interest of uniform benefits for all Federal employees.

Provision of overtime pay for classified employees for work beyond 8 hours a day and increasing from GS-9 to GS-10 the maximum grade at which overtime will be paid will enable the Federal Government to keep abreast of a growing practice in industry. In no case should an individual receive less for overtime work than for regular hours.

Authority for the Post Office Department to safeguard the salaries of employees transferred to the Department from other agencies and revision of the allowances for special delivery messengers required to use their personal automobiles on official Government work are two other equitable aspects of H.R. 14122.

The provision in the pending bill permitting officials of unions, who are in leave-without-pay status, to continue their retirement, life insurance, and health benefits protection upon compliance with certain conditions is a significant step forward. This is a common practice in private industry labor-management relations. It will assure the small number of individuals affected that their benefits will be safeguarded during the period they serve the cause of efficient government as officials of recognized employee organizations.

I might add, of course, the employees involved are perfectly willing to bear the share of the cost involved in continuing these benefits.

The CHAIRMAN. Would the organizations put up the Government share at the time they are away from Government employment?

Mr. McCART. That is right.

I will conclude my formal presentation.

While it has been necessary to prepare a comprehensive statement on the legislative items involved in this hearing, their importance required a careful statement of our position on them.

The President and his associates can take pride in their efforts to maintain the Federal service in a favorable relationship to advances in salaries and related benefits in the private sector, even though the proposals do not entirely meet this objective.

The changes we have proposed on these important matters will do much more to achieve comparability for Federal employees—postal, classified, and wage board.

We are deeply grateful to you and your colleagues for your careful, patient consideration of these proposals, which mean so much to all Federal employees and their families.

The CHAIRMAN. Thank you for a very illuminating and a very well worked out prepared statement.

Senator Yarborough?

Senator YARBOROUGH. In view of the shortage of time, and because we must go into the executive session of the Appropriations Committee at 3, I will waive any questions.

The CHAIRMAN. Thank you, Mr. McCart.

Next we have Mr. Snyder, who is an old and dear friend.

We are happy to have you.

**STATEMENTS OF JOHN SNYDER, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF POSTMASTERS, AND LEMUEL W. HOUSTON, CHAIRMAN, LEGISLATIVE COMMITTEE, NATIONAL ASSOCIATION OF POSTMASTERS**

Mr. SNYDER. Mr. Lem Houston, in the absence of our president, will make the statement.

Mr. HOUSTON. Mr. Chairman and members of the committee: My name is Lemuel W. Houston. I am postmaster at Fredericksburg, Va., and also legislative chairman of the National Association of Postmasters of the United States, representing 32,000 members.

I am accompanied by Mr. John P. Snyder, postmaster at Oconomowoc, Wis. Mr. Snyder is executive director of the National Association of Postmasters.

We regret the fact that our esteemed national president, Mr. James L. O'Toole of Sharon, Pa., has a prior official commitment in Cedar Rapids, Iowa, which prevents his presence here today. Mr. O'Toole asks that I convey to you his sincere regret in not being able to be with you, and his appreciation of the kind consideration you have demonstrated on behalf of postmasters throughout the years.

Mr. O'Toole requested me to present the following statement:

As postal field managers, we are intensely and understandably interested in H.R. 14122, the bill now before you.

We strongly endorse many of the provisions of this bill, including greater Government contributions toward payment of group health insurance costs, and the optional retirement, with full annuities, of Federal employees who have reached age 55 after 30 years' service, and those who have reached 60 after 20 years' service.

We oppose mandatory retirement. Employees who have faithfully served the Government should be entitled to retire with dignity and self-respect at their own option, instead of being arbitrarily forced out at the pleasure of some agency head.

We commend and appreciate the consideration that has been given in this bill to our retirees.

Likewise, we favor the extension of survivor benefits to children in school up to age 22, the retention or restoration of annuities to widows who remarry after 60, and the payment of overtime to our supervisors through level 10.

It is our hope that you gentlemen will initiate action to remedy several glaring inequities in our Federal pay structure.

**WE PROPOSE**

First, that adequate compensation or clerical allowance be granted postmasters at smaller post offices for essential services required on Saturday afternoons and legal holidays.

Second, that provision be made to assure all postmasters and supervisors of receiving greater compensation than their subordinates.

Third, that in view of the Federal Government's commitment to the principle of comparability, the graduated scale of pay increases recommended by the President be substituted for the flat percentage of increase contained in H.R. 14122.

It is a little known fact that too many of our small office postmasters are unable to leave their communities on Saturday afternoons or



legal holidays because of the requirement to make late afternoon dispatches of mail. They do not have clerical allowances to cover their absence at such times.

If leave replacement is employed, it must be at the personal expense of the postmaster. One Nebraska postmaster writes that he has had to hire his leave replacement for the past 15 years.

It is our conviction that all Federal employees should be permitted to enjoy legal holidays, or be compensated for services they are required to perform on these days.

There is something monstrous about a pay system which permits postmasters and supervisors to receive smaller wages than those whom they supervise. Yet this condition also exists.

In Vermont, as an example, the salary of a postmaster averages about \$2.45 an hour. The salary of the rural carrier he supervises averages about \$3.30 an hour.

In another State, a postmaster is paid an average of \$14.60 per day, after 20 years' experience. His substitute rural carrier receives \$21.95 per day.

These typical examples are impossible to rationalize, especially when it is remembered that a postmaster is charged with full responsibility for his office 24 hours of every day.

There are also post offices in which the assistant postmaster or some other supervisor receives a larger salary than the postmaster, and where a supervisor receives less than a senior carrier or clerk.

The members of the National Association of Postmasters of the United States definitely do not resent the salaries paid to our rural carriers, city carriers, clerks, or supervisors. They earn every dollar they receive. Our members do resent the meager differential between the salaries they receive as managers and the salaries paid to those individuals whom they supervise.

As a means of correcting this unrealistic and demoralizing condition, we ask that you consider writing into this bill the provision that postmasters and postal supervisors shall receive a salary at least one step higher than that paid the highest salaried employee under his jurisdiction.

When Congress passed the Federal Pay Reform Act of 1962, the Federal Government undertook a solemn obligation to its employees. Under this act, Congress and the President established by law the principle of comparability, whereby they are bound by justice and good faith to make annual wage adjustments so that employees at all levels are assured salaries and benefits comparable to those enjoyed by men and women engaged in similar work in private industry.

In effect, Federal employees were promised that they would not have to suffer economically simply because they chose a career in Government service.

The most recent Bureau of Labor Statistics report indicates the cost-of-living index is now 2.8 percent above a year ago, more than double the average annual rise from 1958 through 1964.

Since 1962 we have been heartened by several reaffirmations of this commitment by Congress and by the President. We are grateful, Mr. Chairman, for the several salary increases we have received. But we would remind this distinguished committee that the promises of 1962 remain largely unfulfilled.

It is true, we believe, that some of the lower levels approach true comparability. It is certain that postal employees at the management and supervisory levels are years behind their counterparts in private enterprise in both wages and fringe benefits.

Based on the 1965 comparability payline, postal field service salaries fall short of comparability by 4.7 percent in level 6, 6.0 percent in level 9, 10.2 percent in level 12, and 13.3 percent in level 15.

It is apparent that the long-existing comparability gap in the middle and upper levels will be substantially reduced only when Federal employees are given a substantial raise.

In view of the position taken by the President, we recognize the futility of seeking or expecting true comparability this year. Certainly the needs of our Nation are paramount to those of its employees, this despite the fact that our progress as a nation depends largely on those in public service.

While we regret the necessity of the limited guideposts imposed by the President, and the inclusion of remotely related items within the President's 3.2 guideposts, we applaud his recommendation that wage increases be on a sliding scale.

We earnestly hope that this committee will restore this feature of the President's recommendations to the bill now under consideration, so that slightly larger increases will go to the levels where the disparity is greatest.

The present pay structure adversely affects all Federal employees. On the one hand, it requires postmasters and supervisors to indirectly subsidize the operation of the Post Office Department by working for less money than is paid by private employers for comparable services.

On the other, it reduces the incentive of employees in the lower levels to aspire to supervisory positions.

Any across-the-board increase, such as is now contained in H.R. 14122, could serve only to further distort the Federal pay schedules, and make a mockery of the comparability concept.

We respectfully urge that the effective date remain at July 1. It cannot be overemphasized that Federal employees need more money now. At many postmaster and supervisory levels the anticipated increase will barely cover the recent increase in withholding taxes.

Gentlemen, we sincerely hope that we do not propose anything that is unreasonable, and certainly we do not desire to jeopardize our country's economy. Within these bounds, we petition you to consider the simple justice of granting larger raises in those levels where the greatest disparity exists.

This is what our President has promised. It is what he recommends.

Mr. Chairman, all of us are deeply grateful to you and to the distinguished members of this committee for your consistent efforts to improve the wage and related benefits of Federal employees. We also appreciate your consideration in permitting us to appear before you today.

Thank you.

The CHAIRMAN. Thank you very much for your very cogent testimony for the postmasters.

We appreciate your coming here, Mr. Houston.

Senator YARBOROUGH?

Senator YARBOROUGH. The first President of the Republic of Texas, and hero of Jacinto, was Sam Houston. He was born in the State of Virginia. Are you a relative of his?



Mr. HOUSTON. I regret to say if I am, it is certainly remote. I would like to be able to claim close kinship today.

The CHAIRMAN. Virginians will never admit anybody immigrated to Texas.

Senator YARBOROUGH. On the contrary, I went in 1957 to Jamestown, where they had the 350th commemoration of the settling of Jamestown, the first permanent English-speaking settlement on American shores, and they had a big map there, and claimed Virginia was the birthplace of Sam Houston and was responsible for the Republic of Texas.

The CHAIRMAN. Thank you, Mr. Houston.

Our next witness is Mr. McAvoy, national president of the National Association of Post Office and Postal Transportation Service, Mail Handlers, Watchmen, and Messengers.

We are happy to have you before the committee,

**STATEMENTS OF HAROLD McAVOY, PRESIDENT, NATIONAL ASSOCIATION OF POST OFFICE AND POSTAL TRANSPORTATION SERVICE, MAIL HANDLERS, WATCHMEN, AND MESSENGERS, AND A. W. CARNIATO, NATIONAL CHAIRMAN OF THE NATIONAL ASSOCIATION OF POST OFFICE MAIL HANDLERS, AFL-CIO**

Mr. McAvoy. Thank you.

I am accompanied by Mr. A. W. Carniato, national chairman of the National Association of Post Office Mail Handlers, AFL-CIO.

Mr. Chairman and members of the committee, for the record, my name is Harold McAvoy. I am national president of the above-named organization. We are part of the American Federation of Labor and Congress of Industrial Organizations and Government Employees Council. Our national offices are located at 501 13th Street NW., Washington, D.C.

At this time I would like to say "thank you" for the privilege of appearing before you.

In order to conserve time, I would like to stress the need for early favorable action on a decent pay increase—7 percent—in line with true "comparability," as it pertains to our job assignments in the postal service with workers in outside industry.

As outlined in the Federal Reform Act of 1962, I would like to quote:

(a) There shall be equal pay for substantially equal work and pay distinctions shall be maintained in keeping with work performance distinctions; and

(b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

It has been stated many times that it is hard to compare job assignments in the postal service with jobs in outside industry. This may apply to other postal employees, but I honestly don't believe the statement can apply to employees in the mail handler craft, the craft that our national organization has won exclusive rights through a national election to represent.

In line with the "comparability" feature of the Federal Reform Act of 1962, I would like to make one or two comparisons between our job assignments in the postal service and employees in outside industry, longshoremen, checkers, and teamsters, employees in the

Department of Sanitation, New York City, the city I come from, as an illustration.

The teamsters and longshoremen are close to the \$4 an hour mark. The checkers, in transportation, are at the \$4 mark. The Department of Sanitation employees are being paid over \$7,000 per year.

The teamsters load and unload, plus drive. The checkers verify the load. The longshoremen just load and unload, and the employees in the Sanitation Department just empty garbage cans—no reflection.

The above employees don't have to qualify through a civil service examination before being assigned, as our people must do for mail handler craft assignments in the postal service.

For your information and guidance, I would like to present our job description as spelled out in Public Law 68.

With your permission, Mr. Carniato will continue.

Mr. CARNIATO. Duties of mail handlers, level 3, position 8, Public Law 68:

Basic function. Loads, unloads and moves bulk mail, and performs other duties incidental to the movement and processing of mail.

Duties and responsibilities:

(A) Unloads mail received by trucks. Separates all mail received by trucks and conveyors for subsequent dispatch to other conveying units, and separates and delivers working mails for delivery to distribution areas.

(B) Places empty sacks and pouches on racks, labels them where labels are prearranged or racks are plainly marked, dumps mail from sacks, cut ties, faces letter mail, carries mail to distributors for processing, places processed mail into sacks, removes filled sacks and pouches from racks, closes and locks same. Picks up sacks, pouches, and outside pieces, separates outgoing bulk mails for dispatch and loads mail onto trucks.

(C) Handles and sacks empty equipment, inspects empty equipment for mail content, restrings sacks.

(D) Cancels stamps on parcel post, operates canceling machines, carries mail from canceling machine to distribution cases.

(E) Assists in supply and slip rooms and operates addressograph, mimeograph, and similar machines.

(F) In addition, may perform any of the following duties:

(1) Acts as armed guard for valuable registry shipments and as watchman and guard around post office building.

(2) Makes occasional simple distribution of parcel post mail requiring no scheme knowledge.

(3) Operates electric forklift trucks.

(4) Rewraps soiled or broken parcels.

Organization relationships—Reports to a foreman or other designated supervisor.

Mr. McAvoy. I would like to go to the next paragraph and continue.

In concluding our duties, I would like to add that our people separate the mail, and where the post office scheme is needed, we place the mail before the clerk. When the clerk has completed his work through his knowledge of the post office scheme, our people again take over the mail and follow through right into the motor vehicle truck.

About 30 years ago a classification bill was enacted into law. This law gave all postal employees a \$300 salary increase. Our mail handlers received \$150. How this came about, I do not know, but ever since we have been striving to catch up.

At our last two national conventions, we went on record to ask Congress to consider elevating our people in pay level 3 to pay level 4. This resolution is our No. 1 mandate, and our people would be grateful if you, the members of this committee, would accept this mandate which would elevate our mail handlers from pay level 3 to pay level



4, which in our opinion is our proper place in the post office pay schedule.

I would like to ask at this time, after reading to you our job assignments on the work floor, that the vast majority of our people must keep moving the mail in bulk.

The weight of a mail-filled mailbag is 80 pounds. The majority of our people must work outdoors—transportation platforms and docks. They perform their 8-hour job assignments in all kinds of weather—rain, snow, and sometimes below zero weather, in many States.

At this time, I would like to point out that our people must buy their own heavy clothing—safety shoes, rubbers, et cetera. I hope you will agree that our people find it mighty hard just to survive. A work clothes allowance is long overdue.

What you, Mr. Chairman, and the committee, would be doing if included, is allow our people the same right as the Congress has extended to the letter carrier, motor vehicle, special delivery employee, and clerk.

Previous witnesses have stated that the proposed pay increase is inadequate.

I would like to point out that the previous representatives who testified are one pay level above our people. The clerk and letter carrier are in pay level 4. Our people are in pay level 3.

Ninety percent of the 40,000 employees in the mail handler craft work in our large cities. It has been pointed out to live, for instance, in Seattle, Wash., plus many cities, that one needs a salary of \$6,900 or more for a family of four. Our starting salary is \$4,780, and after 22 years we reach our maximum salary of \$6,551.

My question now is: Just how long will the Post Office Department be able to hire employees for our mail handler craft?

The Bureau of Labor Statistics answered a question pertaining to "comparability." How do you make your comparisons? The Bureau answered, "We do not use the title of the employee. We compare the work he does."

I am in full accord with this procedure, as it is the only way to come up with true "comparability."

Along the pay legislation path, over the years, I have heard that percentage pay increases are the only way to adjust pay schedules. If this is true, I would like to point out that at this time pay level 3 mail handlers are \$490 behind our pay level 4 people.

If the administration's pay proposal was enacted into law, the present spread of \$490 would still increase. It amazes our people when we hear about the small salary increase proposed for us, and as we go up the pay ladder, we find that some people in the higher pay levels will still go higher, and our people will just continue to exist.

Our people are not seeking membership in a golf club, nor trying to buy the latest sport car. All we are striving for, pertaining to a pay increase, is to be able to put decent food on our table, and be able to buy a pair of shoes for our children.

We, too, would fully appreciate being adopted into this so-called better life for everyone, the Great Society, instead of having to hold down two jobs.

The President recommended optional retirement following 30 years of postal service, at age 55, without reduction in annuities. Our

people would have to pay an additional one-half percent of their salary for this fringe benefit. The 30 year-age 55 is a giant step forward, and our people fully endorse this step.

The recommendation to increase the administration's contribution to our health benefit program is fully endorsed by our national organization.

The recommendation that the Civil Service Retirement Act be amended to guarantee that benefits be equal to those benefits which are paid by social security meets with our full approval.

The first 5 years of service, transfer of credits, to social security meets with our full approval.

In closing this testimony, Mr. Chairman and members of this committee, I urge you to give serious consideration to our request for work clothes allowance, the elevation of our people from pay level 3 to pay level 4, true overtime for our regulars and substitutes after 8 hours of work.

Both of these items are long past due, and that a 7-percent pay increase for our people, which would allow them the right to live properly, instead of existing, by working two jobs.

Thank you, Mr. Chairman, for the privilege of appearing before you and the committee, the serious thinking of our people.

It is our honest opinion that the present administration's wage-price guidelines policies and their one-sided emphasis on wage restraints and passing mention of prices is slowing up expenditures, so that the cash budget in fiscal 1967 will show a slight surplus. That the continuing talks of our economic leaders for a "hold the line" approach have helped project the issue out of all relation to reality.

Nearly all of our economists are in agreement that the total national production of goods and services will rise about \$50 billion this year. This increase, according to our research people, in real terms, will be close to 5.25 percent.

To the people who shout inflation the loudest, do this without consideration of the justice or equity of the problem or case. No one suffers more than the wage earner, or the salaried employee, through inflation.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. McAvoy, for your very cogent testimony.

The point you make regarding the minimum living standards for the large metropolitan areas, is a factor that this committee well recognizes.

You would be in favor of the application of social security benefits to those working for the first 5 years?

Mr. McAVOY. Yes.

The CHAIRMAN. I will forgo any further questions.

Senator YARBOROUGH. I understand you said these mail handlers were the lowest paid people?

Mr. McAVOY. That is right.

Senator YARBOROUGH. I am amazed at the duties and responsibilities as you have it spelled out in the public law of these mail handlers, the six basic points and four subsidiary ones, the requirement of knowledge to handle electric lift forks, mechanical skill for sorting bundles, operating canceling machines, and handling the heavy sacks. You have multiple duties.



As I see it, you have three capabilities, the muscular one of handling sacks, intellectual for handling and sorting mail, and mechanical handling of lifts. Some businesses just require one.

I worked in a flour mill one summer in our State, many years ago, and all I had to do was carry that 140-pound sack of flour, such chores as that, which required no intellectual capability. To put them on the truck, you carried them on your back.

Mr. McAvoy. We handle the mail in bulk, we break it down in individual pieces, we hand it to the clerk. He runs it through the postal machine, and we pick it up in the back.

Senator YARBOROUGH. You break it down for the clerk?

Mr. McAvoy. That is right, to the one-piece issue, and hand it to the letter carrier to deliver.

Senator YARBOROUGH. I think you have made a strong case.

The CHAIRMAN. Thank you, Mr. McAvoy and Mr. Carniato.

Our next witness is Mr. Charles Caffrey, chairman of the Council of Federal Professional Organizations, and president of the National Labor Relations Board Association.

**STATEMENTS OF CHARLES A. CAFFREY, CHAIRMAN, COUNCIL OF  
FEDERAL PROFESSIONAL ORGANIZATIONS, AND PRESIDENT,  
NATIONAL LABOR RELATIONS BOARD ASSOCIATION; AND  
HARRISON J. DAYSH, REPRESENTING THE COUNCIL OF FEDERAL  
PROFESSIONAL ORGANIZATIONS AND VICE PRESIDENT, NA-  
TIONAL LABOR RELATIONS BOARD ASSOCIATION**

Mr. CAFFREY. May I present Mr. Harrison J. Daysh, vice president and one of the founders of the council.

Mr. Chairman and members of the committee, I am Charles A. Caffrey, chairman of the Council of Federal Professional Organizations and president of the National Labor Relations Board Professional Association, a member organization of the council.

I am employed as an attorney on the staff of General Counsel of the National Labor Relations Board. I am here today to speak on behalf of professionals in the Federal Government—to delineate certain of their problems, to voice their needs, and to ask your consideration for their legitimate requirements and demands.

The council is a relatively new association composed of Federal professional organizations recognized under Executive Order No. 10988. Membership is also open to professional organizations whose aims include the representation of their memberships before their respective agency administrations with regard to the professional needs and problems of the individual members.

In the short 6 months of its existence, the council has drawn into the circle of its deliberations professional organizations and groups from among the following Federal agencies: Federal Aviation Agency; Federal Trade Commission; Interstate Commerce Commission; National Aeronautics and Space Administration; National Labor Relations Board; and the U.S. Patent Office.

In speaking on the matter under consideration by this committee, for the few thousand professionals who are represented by these organizations, we hope that we are also giving some expression to the views of thousands of other Federal professionals who have not

yet joined together to avail themselves of the benefits of Executive Order No. 10988.

We will not belabor our testimony with statistics which, undoubtedly, you have heard repeated again and again during these past days of hearings. We note only that comparability figures, gathered at great expense by the Government's own Bureau of Labor Statistics, tell a story and define an inequity far more clearly and graphically than anything that can be said here.

Our testimony, however, may illustrate the kind of fact and may expose a small portion of the truths which contributed to the alarming results of the Bureau of Labor Statistics research.

If we cannot add any independent analysis to that of the Bureau, you might ask why we are here seeking your attention. We have come because past experience has shown that the Federal professional cannot depend for the presentation of its views on matters such as salary and benefits in Federal service on the well-organized and apparently influential representatives of the employees in more numerous lower grades who have, in the past, assumed the role of spokesmen for the Federal employee.

While all Federal employees have much in common, the professional in the middle and upper grades has special problems and interests which distinguish him from his fellow Federal worker, and require a spokesman with an appreciation of these problems.

Of paramount importance in this connection is the issue of comparability of professional salaries with those in private industry. While we favor comparability of Federal salaries at all levels, from the lowest grade to the highest, and although we believe that the Federal Government should be the leader in salaries and benefits, and not a follower, we believe that the employees in the lower grades have, to a considerable degree, achieved substantial salary comparability with private industry that has been denied to the middle and upper grades, and would be rejected again with the passage of the bill here under consideration.

We applaud the progress of the employees in the lower grades toward complete parity with their non-Government counterparts. We are here now to ask that the comparability principle be kept alive at the middle and upper grade levels, where progress has been painfully slow, and that professional excellence in the Federal service not be sacrificed by a further retreat from this principle.

We are here because heretofore the Federal professional employee has had inadequate representation before the Houses of Congress, and before the Civil Service Commission and agencies of the executive branch. We hope to furnish that representation.

Here, then, is what we believe to be relevant and significant in connection with the proposed legislation.

First, Federal employees in the middle and upper grades, the bulk of whom are professionals, are being paid at rates significantly less than their counterparts outside of Government.

Second, the degree of this disparity is steadily increasing, year by year, to the point where true comparability seems almost unattainable.

Third, the greater the difference between industry and Government pay scales, the greater the difficulty in obtaining and retaining professionals for Federal service—a difficulty all too apparent even now in some agencies.



Fourth, the inevitably requested across-the-board pay increases do not mitigate the comparability problem. Rather, they aggravate it. They defer the time when the Government can compete on a basis of equality with other sectors of the economy for professional talent, and they tend to perpetuate a situation that materially enhances the appeal and allure of higher paying non-Government jobs.

The accuracy of the above, especially the third and fourth items, can be demonstrated by innumerable situations in the Federal establishment.

Take, for example, my own agency—the National Labor Relations Board. The appellate court branch is the largest Washington branch of the General Counsel's staff. Its attorneys write the briefs and present arguments before various U.S. circuit courts of appeals in connection with enforcement of the Board's orders.

These attorneys are among the most highly regarded in the Federal service, and their positions are quite prestigious. In 1 year some of these attorneys handle as many circuit court cases as do many successful attorneys in an entire career.

Yet, at present, of the attorneys in this branch, many of whom also prepare briefs for Supreme Court presentation, 30 percent have been involved in this work for less than 1 year, 50 percent less than 2 years, 75 percent less than 3 years, and 90 percent less than 7 years.

Similarly, our office of appeals, which, in a sense, is a "court of last resort" for those whose charges under the National Labor Relations Act have been dismissed by the Board's regional directors, now finds itself with a staff of which 25 percent have had less than 1 year's experience.

The Patent Office, another agency with an organization on the council, has been operating under the burden of a professional turnover rate approaching 20 percent per year.

Imagine, it must recruit and train about 200 new professionals each year.

And so, throughout Government, where you find the professional, there is this constant and considerable loss of experience and training to higher paying jobs.

In many agencies, such as NLRB, IRS, and the Patent Office, the Federal Government is running training schools—very expensive to the taxpayer, very inexpensive to private employers who continue to raid the Government of its trained talent year after year.

We come before you, therefore, in basic support of the President's pay recommendations, not because, if enacted, they will achieve comparability, since obviously they will not, nor because they will even take a significant step toward comparability, since they will not do this, either.

We seek enactment of the President's recommendations in the hope that at least the concept of comparability can be kept alive.

Some have come before you and Mr. Udall's subcommittee in the House and said that comparability is dead. If so, then we must accept the Government service as a training school for private employers and a postgraduate school in the legal and scientific specialties—in short, a labor pool or a talent inventory for other sectors of the economy.

This is the view that sees the Federal service as unsuitable as a career for anyone of talent, and refuses to acknowledge that the

Government, as the equal of labor, business, and education, is entitled to compete for available talent in an effective way.

We are asking for very little—in fact, not a great deal more than a showing of good faith.

Although the President submitted his proposals as reasonable, desirable, and within the wage-price guidelines he has established, we hasten to point out that it is manifestly unfair, and amounts to discrimination, to apply such guidelines to those whose salaries are universally recognized as being far less than they should be.

These guidelines cannot be applied fairly to the middle and upper grades until the disparity has been erased.

Nevertheless, being mindful of the realities of the world situation, we feel it incumbent upon us as patriotic and responsible citizens to acquiesce in the President's proposals, even though, in principle, we feel that much more substantial increases in the middle and upper grades are justified.

So it is that we ask your favorable consideration of his proposals, and request the inclusion of a graduated pay-raise scale favoring the middle and upper grades in any bill that you recommend.

Parenthetically, I would like to add the council's voice to that of others who have appeared before you, and urge the adoption of an earlier effective date than the proposed January 1, 1967. July 1, 1966, is much to be preferred, if the meager benefits to be provided by the bill are not to be eroded before they are received.

Additionally, regarding the fringe benefits, the council finds merit in and supports optional retirement at age 55 with 30 years of service, but we are opposed to the forced retirement provisions of the bill.

If you decide, however, to recommend the compulsory retirement provisions, we strongly urge that adequate safeguards, such as a showing of good cause, and appeal rights, be provided to discourage any temptation to arbitrariness on the part of Federal managers.

In conclusion, then, let me say this—the professionals in Government for far too long have been put off with promises of comparability. It may be that we cannot expect at this time the fulfillment of these promises, in view of the world situation. Surely, however, it is not too much to expect that there be some payment on account.

The CHAIRMAN. Thank you very much, Mr. Caffrey, for a very fine statement.

In keeping with the shortage of time, I am not going to delay with questioning. We will give particular attention to the fact that you are urging that we maintain the comparability principle, and that we make a token payment on that in this bill.

Would you do that at the sacrifice of the 2.89 across the board that is provided for the lower paid employees?

Mr. DAYSH. Our position would be we would return to the proposal originally submitted by the administration, which contained the graduated pay scale.

We like the administration bill, and applaud it, because it did retain the comparability feature.

The CHAIRMAN. The lower-grade employees who have felt the increased cost of living with a small amount of annual salary. For that reason, the House bill, as you well know, has a flat 2.89 percent increase across the board. They declared their intention of keeping alive the comparability principle.



I don't think this committee buys the argument that we should abandon the comparability principle.

Mr. DAYSH. Mr. Houston brought out his figures to show for the postal service the comparability was abandoned in the higher and middle grades. That is, the disparity in those grades.

Mr. CAFFREY. We take the position in the middle and higher grade it is expensive to the Government to keep the middle and upper grades out of the comparability picture by across-the-board increases.

This does not do anything to eliminate the disparity, while private rates go up. As this disparity continues to exist, we lose more and more talented professionals. This is expensive to the Government. How expensive, I could not say. Turnover is extremely high in the Government.

Maybe the President's guidelines are something that should be reconsidered, to provide the lower grades with somewhat higher increases. We certainly hope that the lower grades can be paid at a rate that will give them an opportunity to live in a dignified way in any community they are located.

We are asking to maintain the professional levels. This is not done. Comparability is not approached in the pay levels. In grade 13, it is at least \$2,000, in terms of comparability of the Bureau of Labor Statistics research.

Mr. DAYSH. This is quite low.

The CHAIRMAN. Senator Yarborough?

Senator YARBOROUGH. I congratulate you on your council, for its formation. I notice it is less than 6 months. I think it has a very great potential of the Government for keeping trained professionals in the Government.

I am shocked at this turnover in legal representation in the NLRB, the Patent Office, the CAB, the ICC, the ones requiring the longest time to train and acquire technical knowledge, have the greatest turnover.

You have to have a good record to get in those offices.

This turnover of 20 percent in the Patent Office is quite shocking. How long does it take to train a man in the Patent Office?

Mr. CAFFREY. I am not quite sure, but I am sure it takes several years for any professional in the legal service or sciences before they can really pay their way in the Government. By that time a private industry offers him what comparability would give us now. By offering him that \$2,000, he is drawn away.

Senator YARBOROUGH. From my experience, I know—having been assistant attorney general of the State, it took 2, 3, or 4 years to train a lawyer, depending on past experience.

This to me is shocking.

The CHAIRMAN. Senator Fong?

Senator FONG. I only heard the last part of your statement, and apologize. I will read your entire statement.

I agree with this philosophy of comparability, and agree we should do something for those in higher grades.

In the last few years we have done violence to comparability, and I feel we should adhere to it.

Mr. CAFFREY. Thank you, Senator.

The CHAIRMAN. Thank you very much, Mr. Caffrey and Mr. Daysh.

Our next witness is Mr. Russell M. Stephens, president, American Federation of Technical Engineers.

**STATEMENT OF RUSSELL M. STEPHENS, PRESIDENT, AMERICAN  
FEDERATION OF TECHNICAL ENGINEERS**

Mr. STEPHENS. Thank you.

The CHAIRMAN. We appreciate your appearing here, and we are sorry we have such a tight schedule, but we want to hear as many witnesses as we can.

Mr. STEPHENS. Mr. Chairman and members of the committee: For purposes of identification, my name is Russell M. Stephens. I am national president of the American Federation of Technical Engineers, AFL-CIO, with offices at 900 F Street NW., Washington, D.C.

Our union was chartered by the AFL in 1918, and since that time we have represented professional engineering, technical and scientific personnel in private industry and in public agencies, including the Federal Government.

Among the employees of the Federal Government whom we represent are persons employed in occupations stated above in various industrial facilities of the Federal Government. These are the men who provide designs and plans for the construction of naval vessels, guided missiles, electronic gear, and much of the hardware required by our defense effort.

In addition, we represent engineering and technical personnel associated with the planning of reclamation projects, public works, and other necessities of American life.

The American Federation of Technical Engineers applauded the enactment of Public Law 87-793, the Pay Reform Act of 1962, and its sensible approach to Federal salary fixing.

However, we are disappointed over the fact that the intended principles and purposes of that law have not borne fruition.

Nor does the AFTE give outright endorsement to the wage guidelines as set forth by the administration. However, our members are well aware of our struggle in Vietnam and the tremendous cost to our people and Government. No hardship is too severe for the preservation of our freedom, and our members are willing to aid their Government in the fight against inflationary tendencies.

I respectfully call to your attention that recently the Civil Service Commission, under the authority of section 504 of the Federal Salary Reform Act of 1962, increased the minimum salary rates and rate ranges of GS-6, GS-7, GS-8, and GS-9 professional engineers, and architects, certain scientific series, and a limited number of technician disciplines, in order to recruit personnel in these positions.

Section 504 of the act was a provision provided in the Fringe Benefits Act, the Carlson Act, some 8 years ago, which provides authority to the Civil Service Commission to establish higher grades for various jobs that are in scarce categories, whereby it is very difficult for the Government to recruit or retain the required number of persons that they need to staff the Government agencies.

With all but a few exceptions, where the Civil Service Commission has used this authority, they have been among the engineering and scientific personnel, with the exception of certain technicians.



This has been proof, even by the administration of 504, that the technicians, scientists, and engineers within their area of classification are somewhat, in many cases as much as \$1,000, underpaid as compared to other Classification Act positions at the same levels.

The fact that the Civil Service Commission some 3 weeks ago again revised the salary is an indication that trend still exists.

To try to bring you up to what these grade levels mean, let me state GS-5 is the salary grade of engineering scientists with a bachelor of science degree coming in, grade 7 with a master's degree in the sciences, and grade 9 is the rate afforded to the incoming employee with a Ph. D. degree in the sciences. It is this group we are talking about.

Although H.R. 14122 does not provide adequate salary increases to commensurate for the disparity in the comparability principle, not yet attained, we do support the 2.85-percent across-the-board pay raise, for all classified employees, for the reasons I have listed previously, to become effective July 1, 1966.

While the pay raise falls far short for the employees in the middle and upper grade levels, we do accept the proposal at this time, looking forward to "next year" to overcome the larger gap in comparability.

I would suggest the 2.85 percent is necessary to maintain a decent standard of living for some of the lower grade employees.

We have just heard the mail handlers testify, and I support their position. They do require a 2.85 increase at this time for a decent standard of living.

I would suggest the 2.85 established by this committee is a base rate, a minimum rate, and above that point suggest the administrative proposal for the sliding-scale rate be put in effect.

For a long time, AFTE has sponsored and supported legislation to bring an early-age retirement to Federal employees after a lifetime of loyal and dedicated service to their Government. Consequently, we do support the early retirement feature of H.R. 14122, whereby employees are granted the option of retiring at age 55 with 30 years of service, or at age 60 with 20 years' service, without any reduction in annuity because of early retirement.

We applaud the House for its action in this respect, and for not providing authority to the Government to mandatorily retire employees at the GS-13 level and above.

AFTE has long advocated that the Government increase its contributions to the health benefits plan, particularly when in private industry such a plan is paid for entirely by the employer. Hence, we are pleased to support H.R. 14122 wherein it provides for the Government to increase its contribution to the cost of plan.

We, in AFTE, have fought for a long time to secure justice and equity for classified employees with respect to overtime pay, and the maximum rate for overtime pay. Therefore, we do endorse the provision in the bill granting classified employees time and one-half overtime pay for work in excess of 8 hours a day.

While the maximum rate of GS-10 does not measure up to AFTE's proposal that the maximum be set at GS-12, we are inclined to support the maximum rate of GS-10, instead of the existing rate of GS-9. Such a progressive step forward is long overdue.

Let me again refer to the Fringe Benefits Act. In my opinion the Carlson Act at that time was one of the most important pieces of

legislation, and one of the most beneficial Government employees have had in many years.

At that time, I believe it was 1958, at that time the cutoff rate was established at GS-9. That was a great benefit for Government employees.

This has been 8 years, and the rate remains the same, and we are hopeful this committee will concur with the House, despite the recommendations of the Chairman of the Civil Service Commission, and hold to the GS-10 maximum rate for overtime pay.

Because AFTE has collective bargaining agreements for employees in the private sector, whereby premium pay is paid for Sunday and holiday work, we have long sought statutory rights for similar payment to the Federal employee. It is therefore fitting that AFTE endorses the granting of a 25-percent premium compensation for work on Sundays, not subject to overtime pay.

Other benefits under H.R. 14122 regarding widows of employees and retired employees, increasing dependent "child" eligibility for those attending school until the 22d birthday, and other similar benefits have the support of AFTE.

We are pleased to endorse H.R. 14122, as it does move in a forward direction by updating the Government's contribution to the health benefits plan, does call for a salary increase, within the guidelines, but short of what classified employees in the middle and upper grades sorely need.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Stephens. I regret to say that the bells you heard indicate a rollcall vote on the floor of the Senate. So, unfortunately, we must recess at this time. We very much appreciate all of you coming this afternoon. Your testimony has been very helpful. Thank you.

(Whereupon, the committee recessed, to reconvene at 10 a.m., Tuesday, April 26, 1966.)



# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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TUESDAY, APRIL 26, 1966

U.S. SENATE,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met at 10 a.m., pursuant to recess, in room 6206, New Senate Office Building, Senator A. S. Mike Monroney (chairman of the committee) presiding.

Present: Senators Monroney, Yarborough, Randolph, Hartke, and Fong.

Present also: John M. Burzio, staff director; David Minton, general counsel, and Frank A. Paschal, LeGrand A. Rouse II, Hugh B. Key II, professional staff members.

The CHAIRMAN. Before we begin, I would like to insert in the record a statement by Senator Maurine Neuberger on H.R. 14122. Senator Neuberger had intended to be here this morning but was unable to appear because of illness. Her statement will appear in the record at this point.

(The statement referred follows:)

STATEMENT OF HON. MAURINE B. NEUBERGER, A U.S. SENATOR FROM THE STATE  
OF OREGON

Mr. Chairman, and members of the committee, I appreciate the opportunity to submit my views on a very important piece of legislation, the Federal Salary and Fringe Benefits Act of 1966. Let me say at the outset, I support the 2.85 percent across-the-board salary adjustments and certain fringe benefits for postal and other Federal employees as recently approved by the House of Representatives. I regret, as do the others, that full comparability as envisioned by many cannot be achieved at this time in view of inflationary trends and the wage guideposts recommended by the President.

My primary concern for testifying is to ask the committee to give special consideration to the 677,000 civil service retirees who are unnecessarily experiencing hardships because of certain uncorrected provisions in the law. Several of these inequities have been the subject of bills I have sponsored, two of which are pending before your committee and to which I call your attention today.

I need not acquaint committee members with the familiar phrase, "recomputation of annuities for survivorship benefits." I would like to stress, however, the fundamental injustice involved when a person who retired in 1948 must pay 4 times as much as the 1963 retiree only to have his spouse receive 10 percent less.

It was indeed heartening to learn of House action to incorporate into H.R. 14122 a provision similar to a bill I introduced in 1965 to eliminate a complicated and inequitable pattern in the survivorship program by making retroactive annuity reductions which occurred in the law between April 1, 1948, and October 10, 1962.

Survivorship provisions were liberalized in 1949, 1956, and 1962, but were not extended to cover persons previously retired. Thus, the persons receiving the least annuities have to pay the most for survivor protection, and their survivors must suffer a lower percentage formula. The pre-1962 retiree, in short, is penalized simply because he had the misfortune of retiring at an earlier date.

Since 1948 both salaries and annuities have increased many times but the increases in salaries have been much greater than the increases in annuities. As a result, the average annuities of persons retiring today are much higher than the average of present annuities of persons retired some years ago.

Adoption of this important measure would provide a uniform basis for figuring survivorship benefits for all retirees who have elected such benefits. Under this provision, the benefits would be identical to Public Law 87-973, for those who retired on October 11, 1962, or after. This provides a simplified and uniform procedure in figuring all costs of survivorship benefits.

It is my hope the committee will give special consideration to the merits of this provision and leave unchanged section 507 adopted by the House of Representatives.

The second inequity to which I direct the committee's attention concerns the designation of a second spouse under the survivorship program.

Under the present law when a person retires with a reduced annuity under the survivorship annuity provision, the survivorship benefits cover only the spouse living at the time of retirement. If this spouse should die prior to the death of the annuitant, there is no way in which survivorship benefits can be extended to a new wife.

Prompted by receipt of many sincere letters concerning this matter, I introduced legislation 2 years ago which would permit an annuitant who retired on reduced annuity to designate a second spouse to receive survivor annuity benefits in the event of death or divorce of his former spouse. The measure was reintroduced on April 6, 1966, as S. 3193 and is currently pending before the committee.

Let's take the average person who retires in 1955 at age 60 and who elects a reduction in his annuity to provide survivorship benefits. The computation table for that year would require a 5-percent reduction for the first \$1,500 of his annuity and a 10-percent reduction of the remainder, taking from his \$3,600 annuity income \$288 annually. This \$24 bite from his monthly check is a difficult but necessary hardship the annuitant must make to provide for his wife after his death.

In the event his wife dies first, however, he must continue paying into the survivorship program even though there is no survivor to collect the benefits. If the annuitant chooses to remarry, his second spouse is unable to collect any benefits from the survivorship program, even though payment into the program continues. This is an unnecessary and unfair hardship and it should be corrected.

I can think of no better way to illustrate this inequity than by citing an actual case. The following is quoted verbatim from a letter I received April 21, 1966, from Mr. Henry J. Rudy:

"I worked for about 31 years in the post office, then retired on disability in 1957. In 1958 my first wife passed away and I wrote to Washington, D.C., to change my beneficiary. They refused to let me change my beneficiary although I had paid into this fund about \$1,500. They said this first name I put on my papers in 1934 was irrevocable. Now I have talked to several insurance companies, also a lawyer, and they all inform me there can be no such law as an irrevocable beneficiary.

"I remarried in 1962 and we feel this is a terrible injustice to take out premiums when no one can benefit. Is there no legal way we can force this issue so that if a man's spouse dies, he should have the privilege to rename his second spouse as beneficiary to the funds he is paying for?"

The committee is in a position to correct this unduly restrictive provision. Other governmental agencies' retirement laws, such as social security and railroad retirement, provide adequately for survivorship, without the restrictions inherent in the civil service retirement system.

I can see no serious objection to adopting this provision in the survivorship program. It is a justifiable change and the additional cost would be nominal. If the present wording is left unchanged it will continue to cause hardship to widows who are oftentimes left destitute in old age. I hope the committee will act favorably on this request.

The CHAIRMAN. We are pleased to have as our first witness this morning, Mr. John Griner, president of the American Federation of Government Employees—the larges of the Government employee organizations.

I see, Mr. Griner, that you are accompanied by Mr. Thomas G. Walters, a gentleman well known to this committee, not only in his



present capacity as special assistant for legislation to the American Federation of Government Employees, but as a former president of the National Rural Letter Carriers Association.

We are happy to have you.

**STATEMENT OF JOHN F. GRINER, NATIONAL PRESIDENT,  
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. GRINER. Thank you, Mr. Chairman and members of the committee.

The bill which we are discussing this morning, that is, H.R. 14122, which brings me before this committee today, is, in my opinion, a legislative measure which has more than ordinary implications. Because of the special circumstances which surround its development and which have hindered its liberalization I urge this committee of the Senate to act favorably on this bill so as to achieve speedy enactment.

As the national president of the American Federation of Government Employees, I realize the serious obligation which rests upon me to present to this committee the vital needs of a large group of Government workers. There should be no further changes which would make this measure less beneficial than it is presently formulated.

The American Federation of Government Employees has a material interest in the progress of H.R. 14122. Our membership is presently about 200,000 and is composed of both wage board and classified employees; of this number a large proportion is subject to the Classification Act.

I am also speaking for a substantially larger number of Federal employees than only those who are included in our regular membership. Nearly 400 of our lodges have qualified for exclusive recognition by reason of the provisions of Executive Order 10988. For that reason I am representing more than 300,000 Federal employees who include in their number the largest group of employees under the Classification Act who are represented by a single employee organization.

Our membership is varied in its occupational and grade distribution. Geographically it is worldwide, since we have members throughout the 50 States as well as in Okinawa, Guam, the Azores, Germany, Italy, France, Japan, Vietnam, the Panama Canal Zone, and in about 40 other foreign lands.

I am appearing in support of H.R. 14122 as it was approved by the House of Representatives, but it is with considerable reluctance that I do so with respect to the salary schedule it includes. That schedule, in my opinion, does not adequately fulfill what I consider to be the obligation of the Federal Government to its own employees.

When the President submitted to Congress in March of this year his proposals concerning adjustment of pay and other benefits, he made this comment:

Among the many blessings which Americans can count is a corps of Federal civil servants that is unequaled anywhere in the world. Honest, intelligent, efficient, and—above all—dedicated, these men and women represent a national resource and a national asset.

It is a fundamental economic principle that national resources must be developed and, in the light of sound business practice, assets

must be protected and, above all, depletion must be avoided. But it does seem to me that the Federal Government is not developing these particular resources nor is it guarding its manpower assets to assure the continuance and heightening of standards of service which will enable our Government to meet the complex challenge which confronts it throughout the world.

In keeping with their devotion to duty and to the Government they serve, these same Federal employees are a most loyal and patriotic group. They are deeply concerned with the success of America's involvement in the war in southeast Asia. Thus, when it is made clear to them and to their spokesmen that the successful conduct of military operations in Vietnam has placed a heavy financial burden on the U.S. Government, which, in turn, dictates redoubling the effort to restrain overspending, they are willing to cooperate.

However, it must be clearly understood, and I want to emphasize this statement, that Federal employees are not relinquishing their right to a just and equitable compensation. Instead, it should be understood as merely increasing an indebtedness which should be acknowledged and liquidated at a later date.

The Salary Reform Act of 1962 in no uncertain terms established the principle of comparability of Federal salaries with the rates of pay for like positions in private industry. That principle now must yield to the 3.2-percent guidepost which the administration has set up to restrain wage increases. We do not agree with the application of this particular percentage restriction to the entire salary and fringe benefit package instead of to salaries alone.

The use of the 3.2 percent limitation to hold down salary increases for rank-and-file Federal workers is, in our opinion, indefensible. This effect of applying the guidepost has elicited this comment from the executive council of the AFL-CIO:

"This action is nothing less than an attempt to shortchange workers—in an effort to impose the burden of the price level on wage and salary earners, who do not set prices, while there is no effective guideline for prices and no guidelines, at all, for profits and dividends."

Federal employees are seeking only those benefits to which they are entitled. As I shall demonstrate in more detail at a later point, they are entitled to more than the 2.9-percent increase provided in this bill.

I have said that the 3.2 figure is open to question. It was stated in the 1966 Annual Report of the Council of Economic Advisers—page 79—that productivity in the private economy has grown at an annual rate of 3.6 percent since 1960. This 5-year trend was ignored and the Council decided to continue the 3.2-percent guidepost—*ibid.*, page 92. The pay increase offered Federal employees has become even less than 3.2 percent. I am still of the belief that the increase that can be justified was no less than 7 percent and statistical data included in the latter part of this statement will bear out that contention.

We are not unmindful of the administration's basic interest in the need for providing adequate salaries for the employees of the Federal Government. The record shows that the President has made an annual recommendation of a salary adjustment since the enactment of the Salary Reform Act—Public Law 87-793—became effective in October 1962. It is the inadequacy of the recommendation which has



proved to be disappointing. The repeated inadequacy has become disturbing because eventually this failure to achieve any reasonable degree of comparability with private enterprise may well threaten the very recognition and acceptance of the principle of comparability.

Either we have comparability or we do not have it. There is no logic and much less justice in proclaiming such a principle and asserting it as a governing factor in the salary-fixing procedure and then capriciously setting it aside for budgetary reasons or arbitrarily developed wage guideposts.

I have stated earlier in my remarks, Mr. Chairman and members of this committee, that the 2.9-percent raise afforded by this bill is far from adequate and substantially below that which can be justified by available statistical data. I now repeat that statement and offer supporting evidence which I believe indicates that Federal employees have good reason to be dissatisfied with the manner in which actual salary fixing has failed to observe the principle enunciated in the Salary Reform Act of 1962.

Salaries in private industry have steadily been moving ahead. Federal salaries have continued to lag behind, each raise failing to come up even with industry, so that the gap between Government and non-Government pay has been constantly widening. Examine the report on the National Survey of Professional, Technical, and Clerical Pay as of February–March 1965. It reflects increase in average salary levels ranging from 2.3 to 4.3 percent for 11 occupational groups which were studied. The median percentage increase for the 11 groups was 3.9. This, however, does not reflect the varying magnitude of differences between industry and Government salaries for the different grades of the Classification Act schedule.

Assumption that no raises or small increases are indicated by survey data for those grades in the lowest segment of the classified salary schedule is not correct. And one should bear in mind that there is a large group of employees in those lower grades. However, table 1 appended to this statement indicates that whereas 47 percent of all classified employees are in grades 1 to 6, inclusive, there is approximately an equal number in grades 7 through 13.

The first group comprises the large body of employees without whom the basic operations of Government agencies would not be accomplished. Nor are all employees in grades GS-1 to GS-4 women—young women—who have no family obligations. In GS-2, GS-3, and GS-4, are about 15,000 guards—all men, many of whom have families with all the problems of providing for them. Then there are about 35,000 nursing assistants; the great majority of these men are employed by the Veterans' Administration.

In the second group are many who are performing supervisory duties in the clerical and administrative area as well as a large number of technicians and professional employees such as engineers, medical officers, physicists, attorneys, investigators, accountants, immigrant and customs inspectors, meat inspectors, economists, and statisticians, and numerous other occupations for which special training or formal education is needed.

You will note in table 2 attached to this statement, it portrays a significant trend toward increased average earnings of clerical workers in private industry. The AFGE Research Department analyzed the

findings of the Bureau of Labor Statistics in the first 34 area wage surveys completed so far in the 1966 fiscal year series.

Whereas, six areas indicated an average increase of less than 2 percent in fiscal year 1965, there were only two areas showing such a small increase in those surveyed. That 11 areas showed increased clerical salaries of 4 percent and over in the current fiscal year as compared with two areas last year was significant evidence that clerical salaries are moving upward.

The rise of salaries in industry which correspond to positions in the middle grades of the Classification Act salary schedule is significantly revealed in table 3. In developing this analysis, our Research Department compared averages by grade which were reported in the BLS survey centering in February-March 1965. When these averages are compared with the current fourth step-rate, there is an enlightening result. The percentage by which the current fourth, or assumed average, rate in the classified salary schedule must be raised to equal average industry salaries of more than a year ago ranges from 5.3 percent to 17.9 percent.

Then the averages reported in the 1965 surveys were increased by 3.45 percent, which is the median percentage increase for 34 areas surveyed so far in fiscal year 1966.

The resulting figures are, of course, only approximations of what the industry averages would be if the 1966 series of surveys could be completely available today. Though they are offered as approximations, they are still significantly indicative of the inescapable conclusion that clerical, administrative, and professional salaries are continuing to move up; and even more challenging is the further conclusion that the gap between Government and industry is still widening.

Then there is specific evidence of clerical salaries in large corporations exceeding those in Government. This is presented in table 4. It compares salaries in the United States Steel Corp. with those paid by the Federal Government for comparable duties. The minimum or starting rates in United States Steel for the four positions listed range from 22 to 28 percent above minimum rates for comparable Federal grades.

There are several features of this bill which I believe should be emphasized as necessary and completely justified. One is the provision of premium pay for work beyond 8 hours in any one day. This is a matter of simple justice to employees subject to the Classification Act, since this premium rate was extended to postal employees in the Salary Act of 1965 and to wage board employees in the Work Hours Act of 1962.

I might add at this point, Mr. Chairman, that we have a significant number of people that are working 9 and 10 hours a day for 40 hours and then they are cut off for the balance of the week. We don't expect this provision to bring in any additional money in these people's pocketbooks but we expect better administration.

We believe that these workweeks can be put into a 40-hour workweek, 8 hours a day, and if the agency had to pay overtime, they would make arrangements to do just that rather than to have to pay premium pay to keep these people working.

We have a large group of poultry inspectors, for instance, that at one time were working as much as 15 hours a day until they completed the 40 hours and then they were cut off for the balance of the week.



Now poultry inspection can be distributed over a week. This was at the express convenience of the packers in most cases.

To show what can be done, since some of our lodges have gotten exclusive recognition in those areas, the maximum hours worked in any one day is now 9 hours, so they work a 9- and an 8-hour day until they complete the 40 hours and then they are off for the balance of the week.

It is almost impossible for these people to make any plans from one week to another or from one day to another as to when his free time is going to be, but if you enact this provision which was passed by the House, the only effect I believe it will have will be better administration because these people then will be put on an 8-hour day, 5 days a week; 40-hour standard week.

That is all we are asking. The second feature of the bill which also achieves equity as between Federal pay systems is the 25-percent differential to be paid for nonovertime work performed between midnight Saturday and midnight Sunday. The bill would extend this payment to wage board as well as classified employees. It was provided for postal workers in the Salary Act of 1965.

These two provisions in H.R. 14122 are admittedly catchup devices to establish equity for employees under other pay systems. This was pointed out by Chairman John W. Macy of the Civil Service Commission when he testified before this committee last Wednesday. At that time he said that "it is equitable" to extend these provisions to all Federal employees. This would, of course, include wage board and classified employees.

We think of these benefits in terms of all Federal employees. When it is possible to apply any provision of law across the board to all employees, it is the opinion of this organization it should be done on as broad a basis as is possible. To do otherwise is to bring about inequity of treatment. To single out individual groups is discriminatory.

There is every justification for giving employees the premium differential for work performed on Sunday. It is not in the same category as premium pay for other days, because it should be given to compensate an employee not only to be subjected to inconvenience but because Sunday work will interfere with his attendance at church services and take him away from his home on a day when every man is particularly anxious to be with his family.

In view of the particular importance and purpose of these two provisions, it is my contention that they should not be included among the payments on which the guidepost restriction is to be imposed.

In other words, they are premium pay and not even fringe benefits. It is my opinion premium pay should not be made a part of the guideposts and I find no authority for making such pay a part of the guideposts.

Another provision in which the AFGE is vitally interested was in the bill as reported to the House. The limit on the rate of payment for overtime work by classified employees was to be raised from the minimum rate of GS-9 to the minimum rate of GS-10. This change merely updates the first limitation on classified overtime payment placed in effect when the Federal Employees Pay Act was enacted June 30, 1945. Full overtime was then restricted to the minimum rate of GS-7. It was raised to the minimum rate of GS-9 by the Fringe Benefit Act of September 1, 1954. We have come another decade

and it would seem to be time for another timely revision. Its cost would be relatively small.

This provision should remain in the bill. Its cost would be relatively small.

I would like to point out that when this limitation on the overtime rate for classified employees became law in 1945, grade GS-9 was considered to be the journeyman level and grade GS-11 included a great many supervisory positions. Now because of increased complexity of the work, grade GS-11 has come to be looked upon as a journeyman grade. This grade now includes many technical and professional positions which are not supervisory. The increased use of automated processes also has contributed to the change in the significance of grade levels.

We originally asked that the minimum rate for GS-11 be made the top overtime rate for classified employees. The minimum of GS-10 as the overtime limit was approved by the House last year but was cut out in the Senate. That provision with other premium pay provisions were eliminated in the Senate, as you will recall, when the 1965 Salary Act was under consideration.

It is our understanding that the administration questioned the cost of this provision and indicated that it would be affected by the wage guidepost.

I would like to point out when Chairman Macy testified before the Senate committee last week, he was quite specific in the expression of his belief that:

Equity allows no alternative but to concur in the proposals to extend to additional groups overtime pay for work in excess of 8 hours in a day and premium pay at 25 percent of base rates for nonovertime work on Sunday.

It is beyond my comprehension that any action taken to eliminate discrimination could be looked upon as coming within any limitation such as the wage guidepost which is presently restricting increased pay and additional fringe benefits for Federal workers. In our opinion premium pay does not come within the scope of the guidepost. The cost cannot be estimated accurately. The purposes of premium pay is not to increase the income of individuals or to add to payroll costs. If there is any change made in this bill that would take away any benefit which has already been included in H.R. 14122, we would object most strenuously.

I would like to point out at this point that at the present time the top grade for grade 6 is \$3,407 which is within a few dollars of the bottom or entrance grade of a grade 9. In other words, a person in the top grade of grade 6 is getting just about the same overtime basis as a man who is in a 9, 10, 11, or 12 grade.

The sixth step of grade 7 is about equal to the entrance step of a grade 9. The sixth step of grade 8 exceeds the entrance step of grade 9.

This will not eliminate the inequity that now exists but certainly it would help.

The AFGE also favors the restoration of the provision for an interchange of civil service retirement and social security service credits as favored by the chairman of this committee, Senator Monroney. We view this as a very desirable provision.

I can state most emphatically the support of the American Federation of Government Employees for that section that would amend



the Retirement Act by permitting retirement on full annuity at age 55 after 30 years of service. I must affirm most positively the objection I stated at the House hearing on this bill to giving management the option of retiring employees in grade GS-13 and above. I have little doubt that this authority if retained in the bill as originally presented will at times be used arbitrarily to eliminate employees who no longer appear to have the vigor which will satisfy some supervisor.

Even worse is the possibility that such authority would be used as a means of reprisal. There are means now available to eliminate employees who are not performing their duties competently, but using involuntary retirement to accomplish that purpose is reprehensible.

There is another aspect of this enforced retirement of persons in grade GS-13 and above. If a man comes into the service at age 40 he can work until he is 70 years old. But if he comes in at age 26, which is somewhat of an average age of entrance, and he intends to make a career of Government service, he will have completed his 30 years of service at age 56. At that point, he may be selected out by an unscrupulous supervisor.

In last analysis enforced retirement in these upper grades is but another type of the selection-out process. What it amounts to is that management desires more power to put its friends into choice positions and put out those who dare to disagree with management.

It has also been proposed to permit retirement at age 60 after 20 years of service. I heartily endorse this provision in the bill. It would be in keeping with lowering the age limit for full annuity after 30 years of service. Employees who have been displaced by the closing of Government installations could benefit from this 60-20 provision. Many of them do not have 30 years of service, but there is a considerable proportion that would have had 20 years of service. This provision would afford some type of relief to the elimination of employees when Government facilities are closed or liquidated.

The increase of uniform allowance by 25 to 40 percent should remain in the bill. There was a provision in the Salary Act of 1965 increasing the maximum uniform allowance from \$100 to \$125 per annum. The General Services Administration, Veterans' Administration, and the Department of Health, Education, and Welfare are the largest users of uniforms outside the Post Office Department.

So far as I know these agencies have not increased the uniform allowance as authorized by last year's enactment. I do not mean that every employee should receive the maximum allowance, but there are some instances of need for a larger sum than now allowed to purchase and maintain a uniform. The advantage is with the employing agency, not the employee because he needs the uniform only during working hours.

I would like to point out at this point, you will probably recall the House passed the uniform bill increasing the maximum to \$150 and in your wisdom, or the wisdom of this committee, it was cut to \$125. We interpreted that action to mean that the committee thought the increased cost of uniforms and increased cost of maintenance had increased by at least the 25 percent, a minimum of that much.

Since the Uniform Act was passed in 1954 or 1955—I have been advised it was 1954—we made a survey of what Government action had been taken in the increasing of Government uniform allowances

and found almost without exception that almost no action had been taken up to the present time. We asked the House of Representatives to set a minimum increase that the agencies must apply and this was the formula we agreed on.

We recognize some employees who are required to wear uniforms do not need the maximum. We are not asking for something to which the employees will not have use for; that is, we are not asking for more than is necessary to keep these employees in suitable uniforms. We do believe that the formula which was adopted in the House, although not equitable in all cases, will meet the great majority of needs.

I would like to point out when the Health Benefits Act was passed in 1959, the Government contributed 38 percent of the cost. That share is presently about 28 percent and is likely to continue to decrease. The bill would increase the biweekly Government contribution and further guarantee if the biweekly subscription charge is less than twice the Government contribution, the Government contribution shall be 50 percent of such charge.

The AFGE favors this change. We believe that as soon as practicable the Government should pay at least 50 percent of the cost of health benefits. We believe the ultimate goal of our union is that the Government should pay the total cost of health and insurance benefits. This change would be in line with many union contracts in large industries.

Senator RANDOLPH. Mr. Chairman?

The CHAIRMAN. Senator Randolph.

Senator RANDOLPH. I wish to make a request which ordinarily I would not desire to make. I am under obligation to chair the Subcommittee on Air and Water Pollution Control and I would like to comment on the testimony.

Mr. Griner, I have read your statement in full so I am not commenting in a cursory fashion on its content. I desire to call attention to page 6. This may seem a lesser matter of importance in the overall statement but you use the language in the second paragraph, "nor are all employees in grades GS-1 to GS-4 women, young women who have no family obligations."

It is my feeling, Mr. Griner, that we cannot approve or disapprove a legislative proposal on the basis of whether a person, because he or she is in a certain age bracket. I know so many instances where a young woman, is aiding in the livelihood of parents and I feel that it is wrong for us ever to legislate thinking that because a person is unmarried or because a person is of a certain age that therefore there is not an obligation.

I have the feeling you believe this, too, but I want to spell it out at this point.

Mr. GRINER. Senator, as I was reading this, the same thought occurred to me but I did not place this in the proper perspective. My intention in this place here, what I probably should have said is a younger person with no obligation, maybe, but certainly I agree with you 100 percent and this organization agrees with you 100 percent that we are not going to legislate on the basis of sex, whether a person is married or unmarried, what his conditions are.

What I had hoped to point out in this particular section, is that there was a large number of people, 47 percent of them working for the Federal Government in these lower grades and they were not all



people without obligations, that a large segment of this 47 percent had families and that they were actually in need of increases along with your top grades, too. As you will note later, I have endorsed the principle of an across-the-board increase.

Senator RANDOLPH. You mentioned the guards.

Mr. GRINER. Yes, but I agree with you 100 percent and apologize. It was in the long perspective and we shall be more careful in the future.

Senator RANDOLPH. I know this is not your thought.

Mr. GRINER. No, sir.

Senator RANDOLPH. I turn to pages 11 and 12, the last paragraph on page 11, and the first paragraph on page 12, regarding retirement at the option of the Government.

Mr. Griner, I am in agreement with what you have said here but, very frankly, you used some language I wouldn't use.

Mr. GRINER. It is pretty strong, I know. We have had some rather pointed cases where this could be very well applied. I doubt myself I would have been here today had I been 55 years of age and had 30 years service and they had the chance to retire me several years ago when I was most active in union activities.

Senator YARBOROUGH. We might say you have a precedent.

Mr. GRINER. That is right.

Senator YARBOROUGH. Some of the people that first organized these unions, lost their homes, died and lost their pensions. The Government did that.

Mr. GRINER. I realize that but I can't emphasize that fact too much because I am fearful advantage would be taken based on past action.

Senator RANDOLPH. Although I would not agree with the terminology you have used, I do agree. I do understand it and I am in agreement with your premise.

Mr. GRINER. Let me again express my appreciation for your calling this little matter to my attention. It certainly was not intended in that perspective.

Continuing with the statement, the bill also provides certain benefits for a Federal employee who is granted leave without pay from his Government position to serve as a full-time officer of an organization composed primarily of Federal employees. Such employee would receive retirement credit for his organization service and would be required to pay into the retirement fund with interest an amount equal to retirement deductions representing periods of approved leave without pay. Similarly an employee in similar status would be permitted to continue his health benefits and life insurance coverage by paying both employee and agency contributions. The AFGE heartily endorses these provisions in this bill.

These changes affecting full-time union officers would cost the Government nothing. We believe that it is to the interest of both unions and the Government to have the best officer material available working for the unions. At the present, some persons are reluctant to take leave for this purpose, because it would mean that they would have to forego benefits that would be forthcoming only if they remained in the Government service. I might point out that it is fairly common practice to provide benefits of this type in private industry.

Thus, we are not asking anything more than something that is practiced in private industry.

I wish to mention briefly one more feature of this bill. That has to do with the effective date. I suggest, Mr. Chairman, that it should be March 1, 1966. Of course, the reason for that is that is the date which the comparable wages are compared. In no event should it be made later than July 1, 1966.

In this statement I have endeavored, Mr. Chairman, not only to summarize the viewpoint of the American Federation of Government Employees but to lay before this committee the results of our study of the provisions of this bill and our analysis of pertinent data. It is my hope that it will shed further light on a situation which is inter-related with the day-to-day problems of the individual and the family that is dependent upon the Government for a livelihood.

It is my belief that the information and facts which I have included in this statement are sufficient to justify more than what could be included within the scope of the wage guidepost. Even if we did not take into consideration any closing of the gap between existing salary rates and other working conditions and the level which is represented to be comparable with private industry, I still believe, and I wish to emphasize once again at this time, that the improvements which have been included in this bill are well justified.

I can say this about the position of our organization with respect to our support of the 2.9-percent salary increase. First of all, we believe it should be made across the board. But as to acceptance of that proportion of increase rather than a larger one which can be substantiated, we recognize the great need of our Nation is to bring about a speedy settlement of the Vietnam war. This is a costly operation and we understand the extent to which our country's resources must be devoted to this military activity.

And so, in view of the crisis which confronts our country today, it is our conclusion that we have good reason to accept this legislation in its present form, though we do so reluctantly.

However, if the Vietnam war should end within the next year, the reason for limiting employee benefits would no longer exist. Then we would reinstate our claim for the kind of a pay increase which is plainly justified by the facts.

Thank you, Mr. Chairman and members of this committee. I want to express my appreciation for the opportunity of appearing before you this morning and hope it is to the benefit of the organization I represent.

(The tables referred to follow:)



# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966 197

TABLE 1.—*Employees of the Federal and District of Columbia Governments, by Classification Act, all areas, June 30, 1965*

General schedule grade	Number of employees		Percent of total	
	By grade	Cumulated	By grade	Cumulated
1.....	1,809	1,809	0.16	0.16
2.....	32,503	34,312	2.92	3.08
3.....	133,621	167,933	12.0	15.1
4.....	169,328	337,261	15.2	30.3
5.....	133,483	470,744	12.0	42.3
6.....	55,476	526,220	5.0	47.3
7.....	95,493	621,713	8.6	55.9
8.....	19,105	640,818	1.7	57.6
9.....	128,106	768,924	11.5	69.1
10.....	16,147	785,071	1.5	70.6
11.....	120,565	905,636	10.8	81.4
12.....	91,713	997,349	8.3	89.7
13.....	65,048	1,062,397	5.9	95.5
14.....	31,236	1,093,633	2.8	98.3
15.....	14,949	1,108,582	1.34	99.65
16.....	2,760	1,111,342	.25	99.90
17.....	800	1,112,142	.07	99.97
18.....	313	1,112,455	(1)	100.00
Total.....	1,112,455	-----	100.0	-----

<sup>1</sup> Less than 0.05 percent.

Source: U.S. Civil Service Commission.

TABLE 2.—*Trend of average salaries of clerical workers in private industry in the current fiscal year 1966 compared with fiscal year 1965*

Rate of increase	Number of identical metropolitan areas showing increased salaries	
	In fiscal year 1966 <sup>1</sup>	In fiscal year 1965
Under 2 percent.....	2	6
2 to 2.9 percent.....	9	13
3 to 3.9 percent.....	12	13
4 percent and over.....	11	2

<sup>1</sup> Derived from 1st 34 area wage surveys completed by BLS in fiscal year 1966 that provide a comparison of trends in each of last 2 fiscal years.

Source: U.S. Bureau of Labor Statistics for data on which analysis was based.

TABLE 3.—*Percent increase needed to raise classified salaries in middle grades of general schedule of Classification Act to level of industry salaries as indicated by BLS industry surveys in 1965 and 1966*<sup>1</sup>

General schedule grade	Average salary reported in BLS industry survey February-March 1965 corresponding to GS grade indicated	Current Classification Act 4th rate of grade effective October 1965 <sup>2</sup>	Percent increase needed to raise current Federal rate to salary averages—	
			In industry in February-March 1965	In early 1966 as measured by 34 area wage surveys <sup>3</sup>
	(1)	(2)	(3)	(4)
5-----	\$6,711	\$5,694	17.9	21.9
7-----	7,639	6,890	10.9	14.7
9-----	8,676	8,241	5.3	8.9
11-----	10,643	9,879	7.7	11.5
12-----	12,813	11,723	9.3	13.1
13-----	15,226	13,815	10.2	14.0

<sup>1</sup> 34 of the 1966 area wage surveys completed out of 85 scheduled.<sup>2</sup> 4th rate represents average salary of grade.<sup>3</sup> 1965 survey averages reported by BLS were increased by 3.45 percent as an approximation of average increases in areas in the 1966 survey so far completed.TABLE 4.—*Salary rates of comparable clerical positions in the Federal classified service and in the United States Steel Corp.*

Position	General schedule grade	Federal salary <sup>1</sup>		U.S. Steel Corp. salary <sup>2</sup>	
		Minimum rate	Second step <sup>3</sup>	Starting rate	Standard rate <sup>4</sup>
Key punch operator-----	2	\$3,814	\$3,943	\$4,638	\$5,284
Typist-----	2	3,814	3,943	4,638	5,284
Stenographer-----	3	4,149	4,289	4,961	5,607
Senior tabulating machine operator-----	4	4,641	4,797	5,930	6,575

<sup>1</sup> Rates in Public Law 89-301, Salary Act effective October 1965.<sup>2</sup> Rates provided in agreement between United States Steel Corp. and United Steelworkers of America effective Sept. 1, 1965. Biweekly rates have been converted to annual rates for purposes of comparison.<sup>3</sup> After 52 weeks in grade.<sup>4</sup> After 52 weeks of service. An intermediate rate is paid after 26 weeks of service.

The CHAIRMAN. Thank you very much for your very complete statement and for the statistical data you also supplied.

Could you explain why you say it is the custom to work employees 9 or 10 hours a day for 40 hours rather than working a 5-day week at 8 hours?

Mr. GRINER. It has been our experience, Mr. Chairman, that this is done more or less for the convenience, in this particular case, as I cited, for the packer. The people running the poultry killing business, that is where the greatest need of this particular provision is.

Now, to show that it can be done otherwise, as I pointed out, they have worked them as much as 15 hours a day for 2 days and then maybe 10 hours on the third day. We believe that after a person works 8 hours his efficiency deteriorates. The Department of Agriculture now has put a limit, especially in those places where we have agreements, and made it 9 hours a day on some cases and 8 hours on others.

When they complete the 40 hours, of course, they are off the balance of the week. If they can do that, they can make it 8 hours a



day 5 days a week. I believe it is just a matter of good, sound administration.

The CHAIRMAN. You don't think it would increase the overtime?

Mr. GRINER. I do not. This is not the purpose of our request, in fact. In other words, if we put a penalty on the agency for working these people for these uncommon tours of duty, then they will straighten it out.

The CHAIRMAN. Could you give us the cost of raising the overtime from GS-9 to GS-10?

Mr. GRINER. No, sir; I believe that would be impossible. I will tell you the reason I believe it would be. I think it is impossible for any agency to estimate the amount of overtime it would have to use in any one year, even at the present time. For instance, there is a large amount of overtime now being performed in the Social Security Administration because of medicare.

Most any time there is additional legislation, it requires additional overtime. There is a large amount of overtime that is now being performed in the Department of Defense because of the refusal or inability, or whatever it might be, to allocate additional spaces for jobs. They would rather pay overtime and contract overtime than to allocate the additional spaces.

There could, of course, be a possibility of manpower shortage in certain categories. I think it would be impossible to estimate overtime at the present rate and overtime at an increased rate. I think it would only be guesswork.

The CHAIRMAN. Your table 1, shows in grade 10 only 1.5 percent of the total classified workers? This would be all it would affect?

Mr. GRINER. No, sir; it wouldn't. As I pointed out, now, at the present time, there are people who are in the top of a grade 6. They are right about at the maximum overtime that can be paid because the maximum overtime rate that can be paid now is at the beginning rate of a grade 9 which is at the present time \$7,479 a year. It would affect people in the grades 7, 8, and to some extent, in grade 9.

The CHAIRMAN. Because of the maximum limitation no one can receive more than a grade 9?

Mr. GRINER. Yes, sir. It might seem somewhat peculiar that only 1.5 employees are in grade 10.

You have to use the entrance rate at grade 9 at time and a half. That is the maximum rate that can be paid overtime even though the man might be a grade 15—if they paid overtime for grade 15—but I know of no place where they do it. In some cases, on grades 11 and 12, they pay overtime and they have to pay it based on overtime of entrance grade 9.

The CHAIRMAN. This would raise it to grade 10?

Mr. GRINER. Yes, sir; it is a small help, but it would bring it more in line.

The CHAIRMAN. On the cost of uniforms, have none of your branches been able to negotiate the proper uniform allowance?

Mr. GRINER. They say to us that uniform allowances are not negotiable. In the post office, they did negotiate it but other than post offices, they would not negotiate.

The CHAIRMAN. Congress passed a law granting them up to \$25 additional on a \$100 uniform allowance?

Mr. GRINER. That is right.

The CHAIRMAN. But they said they will not observe the increase; is that right?

Mr. GRINER. That is right.

The CHAIRMAN. Clothing, all types.

Mr. GRINER. I don't know whether they used those words.

The CHAIRMAN. No uniform allowances have been raised?

Mr. GRINER. Not to our knowledge. We have not found any places where they were raised.

Let me say this: Since this bill came up in the House, I understand that probably one or two of the larger agencies are now making a survey on it but there was nothing done, to our knowledge.

The CHAIRMAN. This bill was passed in October?

Mr. GRINER. Last October; yes.

The CHAIRMAN. I presume that not only would the individual union officer pay for his share as an employee but also the union would pay for the agency share?

Mr. GRINER. That is right. It would be up to the employee and the union what would be paid but they would assume the full amount.

Here is one thing I have asked a question about. I happen to be one of the people involved so I am quite interested. If you are on a leave-without-pay status with the Government, you are credited with 6 months of retirement each year, without any cost to the individual. That is the present law.

Now, in this case, if this should be adopted, you could buy or pay for the full year. In other words, the Government would not assume any liability except what it would normally assume. We wouldn't get 6 months free and then 6 months we pay for. We would have to pay for 12 months.

The CHAIRMAN. Both the individual and the agency?

Mr. GRINER. No, in that case, the agency would not pay anything.

Mr. WALTERS. Retirement only.

The CHAIRMAN. How about health?

Mr. GRINER. The individual would have to pay the full cost. The agency would contribute nothing toward health and insurance.

The CHAIRMAN. What is the logic for not assuming the Government's share as well on retirement? It seems to me it is a good deal and is a legitimate cost to the organization.

Mr. GRINER. We now have a free 6 months under the present law. This would cost no more than what it is costing the Government under the present law.

The CHAIRMAN. As I understand it, the present law is for 6 months without requiring the payment of any fee?

Mr. GRINER. That is not necessarily so, Mr. Chairman. There are many people who have been on leave from the Government for many years and I think there is some 30 or 40 within the postal units. There is a couple I know of in my unit. Outside of that, there are many people.

Mr. WALTERS. To give you the benefit of my own experience, when I retired December 30, 1965, I was granted 8 years credit for the 16 years I was on leave of absence from the Post Office Department. As I understand this bill, if I had been paying into the fund for the 6 months retirement, I would have been eligible to claim the full 16 years on retirement instead of 8 years.

The CHAIRMAN. This is what we would like to do but I feel personally, since we are covering for the full time, you are paying into



the fund the individual cost of that although you are not working for the Government. You are given the advantage of the group rate. The union should pay the agency share.

Mr. WALTERS. For the health benefits, the life insurance, both the agency and employee provisions are provided for but it is my understanding the Civil Service Commission had no objections to this procedure on the grounds that under the law now they were granting employees on leave on absence 6 months credit on each year. This would not make an additional burden on the retirement funds.

The CHAIRMAN. At present if you worked 10 years, you would only have 5 years' credit?

Mr. WALTERS. That is right.

The CHAIRMAN. This would give you 10 years?

Mr. WALTERS. Yes, but you are paying the entire cost for the employee.

The CHAIRMAN. But there is a liability on the employee to pay in for that security.

This philosophy followed here was that it would not cost the Government anymore than what it is costing the Government, what it presently is costing for the retirement. For the other, it would cost the Government nothing because the union would pick up the entire bill for the health and life insurance but for the retirement, the employee, however he pays it, would pay the entire cost for the full year.

The CHAIRMAN. For his own?

Mr. GRINER. Yes, whereas, now he is getting 6 months out of the year for no cost.

The CHAIRMAN. He is getting half a credit?

Mr. GRINER. Yes, sir.

The CHAIRMAN. Full credit, I think, is quite proper but I think the union has the liability.

Mr. WALTERS. I may be wrong but it is my understanding it would be optional to the employee whether he wanted to get his 6 months free credit or go under this and get 12 months credit in toto. We don't repeal the law. He could still elect to take only the 6 months free credit and not participate in this program from the point of view of retirement.

Mr. GRINER. That is right. That is the way the House bill was passed.

The CHAIRMAN. Senator Yarborough, you may proceed.

Senator YARBOROUGH. I think you have a very beneficial statement and I have been carefully studying the tables you appended. They are beneficial and I intend to compare them to private industry and Government employees in the different grades.

I thought your statement on page 6 was informative and beneficial. I did not take this personally as a recommendation by you that a young employee with no obligations should be paid less but the fact is that young single people do not draw as much money as employed middle-aged people. I recall working as a young man with no pay. I did that just to get to go to Europe. One time, I worked where I slept on the ground and looked up at the sky. I worked in the oil fields. I didn't do any of those things as a permanent thing. But when people are young without a permanent status, they are apt to work to move around. That is a fact of life.

I think it is informative for us when you tell us 15,000 of these people in the lower grades are guards in grades 2, 3, and 4. We often thought people in those grades would be janitors. Guards have to be physically able, agile, and have to be more competent than for other jobs. Generally, you would say these men would mostly have family problems.

There are 35,000 nursing assistants in the Veterans' Administration who, you say, are men. Generally, they have to be physically strong to handle the patients in the hospitals. Many of these men in the hospitals are elderly men and they have to be picked up, turned over in the hospital beds.

These jobs, these guards and nursing assistants that lift men are more apt to be men. It isn't the sex but it is the physical strength that calls for more pay. Those are physical facts of life.

Mr. GRINER. I have said I have seen some women do those things about as well as men.

Senator YARBOROUGH. I have, too, in hospitals. If they are able they get the pay, don't they?

Mr. GRINER. That is right.

Senator YARBOROUGH. They are not discriminated in nursing pay because they are women, are they?

Mr. GRINER. No, sir.

Senator YARBOROUGH. They are in very short supply, and most nurses are women, especially registered nurses. They are very difficult to get and the pay is commensurate. I think it is what your available supply is. The young people of college age are plentiful on the market where they have not settled down, but the others, where people are settled down and you know they won't leave, those people command higher salaries.

The CHAIRMAN. Thank you, very much, Mr. Griner, and Mr. Walters. We appreciate your statement.

The CHAIRMAN. Our next witness is Mr. Sidney Goodman, president of the National Postal Union, and he is accompanied by Mr. David Silvergleid. We are happy to have you here Mr. Goodman and Mr. Silvergleid. You may proceed in your own way, Mr. Goodman.

**STATEMENT OF SIDNEY A. GOODMAN, PRESIDENT, NATIONAL POSTAL UNION; ACCOMPANIED BY DAVID SILVERGLEID, SECRETARY-TREASURER**

Mr. GOODMAN. Thank you, Mr. Chairman.

My name is Sidney A. Goodman and I am privileged to serve as president of National Postal Union, located at 509 14th Street NW., Washington, D.C. I am accompanied here by our secretary-treasurer, David Silvergleid. We represent 60,000 postal employees, organized in excess of 500 local affiliates in 50 States, Puerto Rico, and the District of Columbia.

Mr. Chairman, we are deliberately confining our testimony at this point, to a brief summary, covering only the highlights of the proposed legislation. We ask permission to submit, for the record, a copy of our testimony before the House Post Office and Civil Service Subcommittee on Compensation, March 11, 1966, delineating our views in much greater detail.



The CHAIRMAN. That will appear in the record following your statement.

Mr. GOODMAN. In the last session, the House passed a bill providing a 4½-percent increase and this was reduced to 4 percent in the final stages of the last session of Congress, only in order to meet the administration's insistence on a smaller percentage. The Senate then reduced this to 3.6 percent and the House accepted this only because it believed there was no realistic alternative. The Congressional Record is replete with ample evidence of the indignation of the House at the veto threat and the failure of the administration to meet its pledge of comparability. We submit that the administration's insistence on including items such as the cost of pitifully small increases in Government contributions to health premiums, under the 3.2 guidelines is completely unreasonable.

H.R. 14122 projects a pay increase of barely 2.9 percent. Beyond the 12-month gap in applying BLS statistics on comparability, the administration's recommendation of an effective date of January 1, 1967, would add another 12-month gap, putting postal employees more than 2 years behind the November 1964 BLS statistics used as a basis for the last increase. It should be noted that the Director of the Budget conceded in his testimony on April 20, that while the administration included fringe benefits with pay for the purpose of determining comparability, that in the private sector, fringe benefits were excluded in arriving at pay guidelines.

Utilizing step 4 of level 4 as a median, or "pay line," we noted in our House testimony that the net increase in take-home pay weekly would amount to the munificent sum of \$1.52 a week, and substantially less for lower level employees. Adjusting for elimination of the originally proposed ½-percent increase in retirement deductions for employees, would bring this to just about \$2 a week. On the basis of a 40-hour week, this would mean an increase for regulars of 5 cents per hour. We invite attention to an article appearing in the Wall Street Journal on date of April 15, 1966, titled "Negotiated Pay Raises in First Period Climbed to an 8-Year High," subtitled "Increases Average 9.1 Cents an Hour." This points up to total inadequacy of the 2.9-percent pay increase recommendation.

Considering what employees have already lost by the failure to achieve comparability since October 1962, postal employees in levels 1 to 6 are entitled to the original 7-percent increase recommended and effective July 1, 1966, not January 1, 1967.

The failure to include in H.R. 14122 time and one-half for Saturdays and double time for Sundays and holiday work for regulars is disappointing. We support the provision which would place classified employees on a par with postal employees as far as overtime rates after 8 hours and a 25-percent Sunday differential. However, this is in sharp contrast to the failure of the administration to support overtime rates for work performed by career substitutes beyond 8 hours a day. In opposing this, the Post Office Department uses the rationalization that these employees are so-called on-call employees.

As we have emphasized in previous testimony, Mr. Chairman—

Is there any comparable outside industry that would dare in 1966 to attempt to create a special category of employees which, by definition, become less entitled to proper working conditions and standards?

I urge that this committee reject this philosophy in its entirety. It is long since time that the Post Office Department stopped demanding

special privileges and accepted the same responsibility as do outside employers in this connection, particularly since it frequently cites outside conditions when discussing other phases of its proposals.

We urge consideration of our nine-point retirement program, as covered in our House testimony. We heartily endorse optional retirement at age 55 with 30 years of service and 60 with 20 years' service.

We assert that above all, action is long overdue to provide for full retirement benefits with 30 years' service, regardless of age, and without any increase in cost for employees.

The whole question of Government contributions to health premiums has become an increasingly vital issue, particularly in view of the fact that it has become more and more a common practice "outside" for employers to pay the entire cost of health premiums. Repeated increases in hospital and medical costs, first averaging 5 percent a year, and currently running 8 to 12 percent a year, have, in effect, resulted in an annual wage cut for postal employees.

The administration has taken cognizance of the fact that there have been no increases in Government contributions since the Health Benefits Act became effective in July 1960. However, the House bill now provides an increase in Government contributions of only 32 cents biweekly, for self only, and 82 cents for a family unit. Considering the fact that most plans have been compelled to increase high option premiums \$5 or more biweekly for family enrollment, this is a pitiful gesture. The Government has a clear obligation at this point to increase its contributions to a point that would at least restore the original proportionate cost as between Government and employee, based not on the low option, but on the high option, in which most employees are enrolled.

We note with deep appreciation, that while the administration did not include any recommendations to liberalize the Government Employees Life Insurance Act of 1954, this committee has taken appropriate cognizance.

Last, but far from least, is the whole question of the administration's new approach in terms of gross compensation which includes not only salary increases, but so-called fringe benefits. Ordinarily, each of the numerous items in H.R. 14122 would have come under consideration by separate subcommittees, and as such would have been much more likely to receive the thorough review which their individual importance warrants. We believe that the omnibus approach has prevented a number of major items such as health plan premiums, in particular, from receiving the kind of detailed review which is in the interest of all concerned.

Thank you very much, Mr. Chairman, for the opportunity of expressing ourselves on these vital issues.

(The statement follows:)

STATEMENT OF SIDNEY A. GOODMAN, PRESIDENT NATIONAL POSTAL UNION ON CONSIDERATION OF H.R. 12094 AND RELATED BILLS

Mr. Chairman and members of the subcommittee, my name is Sidney A. Goodman, and I am privileged to serve as president of National Postal Union, located at 509 14th Street NW., Washington, D.C. I am accompanied here by our secretary-treasurer, David Silvergleid. We represent 60,000 postal employees, organized in excess of 500 local affiliates in 50 States, including Puerto Rico and the District of Columbia.



The administration has proposed a new approach in terms of gross compensation which includes not only salary increases, but so-called fringe benefits, and has made specific proposals with regard to minor improvements in retirement and health premiums. Ordinarily, each of these major legislative items would come under consideration by separate subcommittees and as such would be much more likely to receive comprehensive consideration which their importance individually warrants. This is true irrespective of the merits that may be claimed for the package approach. On page 6 of the report to the President by the Cabinet Committee on Federal Staff Retirement Systems, dated March 8, 1966, appears some very enlightening and frank observations on the limitations of the package approach to the whole question of comparability. It calls into serious question the validity of the administration's present approach. It read as follows:

"Benefit levels, and methods of determining those levels, are matters of continuing concern to beneficiaries of the retirement systems and to Government. Government is committed to the principle of pay comparability for civilians and to an equitable relationship between civilian and military pay. We must, when it becomes possible, extend this principle to encompass comparability of total compensation, including retirement and other fringe benefits. But reliable (or even usable) data on fringe benefits prove extraordinarily difficult to pin down, and such data as have been obtained are in terms of employer costs rather than of benefits received, which is what is important to those being compensated. Another difficulty is that the comparability principle promises, in theory, at least, comparable compensation for comparable responsibilities. Special conditions, however (e.g., combat duty in the case of the military, conflict-of-interest requirements, restrictions on off-the-job conduct and activities, inability to strike), limit the extent to which Federal service, and its compensation can be considered comparable to that of private industry. Perhaps the comparability principle is, for now and until more valid data are obtainable, best applied only to the major elements of compensation, leaving the others to find their own levels in a way that hopefully will result in a reasonable, if not exact, overall balance."

We support H.R. 10294, although we feel that the 7-percent increase recommended will still leave postal employees behind. This legislation is once again the test of good faith in terms of Congress' pledge of comparability as embodied in Public Law 87-793.

In the 1st session of the 89th Congress, National Postal Union testified three times on pay at length with special emphasis on the gap in comparability, introducing considerable statistical data. In view of extended testimony on this aspect taken previously, we are dispensing with this approach at this time. The gap continues and the situation remains basically unchanged from the standpoint of employees.

It should be remembered that in the last session, the House passed a bill providing a 4½-percent increase and that this was reduced to 4 percent in the final stages of the last session of Congress only in order to meet the administration's insistence on a smaller percentage. The Senate then reduced this to 3.6 percent and the House accepted this only because it believed there was no realistic alternative. The Congressional Record is replete with ample evidence of the indignation of the House at the veto threat and the failure of the administration to meet its pledge of comparability.

Considering what employees have already lost by the failure to achieve comparability since October 1962, and in view of what they are entitled to on this score, projected on a current basis, postal employees in levels 1 to 6 are certainly entitled to a minimum of the 7-percent increase recommended and effective January 1, 1966, not 1967.

It should be noted that when Congress pledged comparability in October 1962 with passage of Public Law 87-793, this was geared to salary alone and the introduction of the package concept at this time has a tendency to blur congressional commitments on this single item.

The administration proposes a 2.5 percent salary increase for postal employees, which is referred to by the Director of the Budget as a 2.85 percent average increase, based presumably on considering the impact of the wages of employees covered under the postal field schedule and the general service schedule. According to our computation, postal employees in step 4, level 4, a median normally used, would actually get slightly less than 2.4 percent, based on the figures provided in the Joint Annual Report, dated March 3, 1966, submitted to the President by the Director, Bureau of the Budget and the Chairman, U.S. Civil Service, Commission.

The administration has placed the heaviest possible emphasis on the question of not exceeding so-called wage guidelines in order to avoid the threat of inflation. Certainly we all have a responsibility in this respect. However, we support the views of the distinguished member of this committee, who in questioning a Department spokesman, pointed out the disparity in the views of the administration with respect to wage guidelines, as against the total lack of guidelines with respect to corporation profits. As was pointed out, the net profits after taxes of such corporations as Ford and General Motors, averaging 60 to 65 percent in recent quarterly reports, constitutes a far greater threat of inflation, in our opinion, than granting deserved and long overdue salary increases to Government employees. The corporation profits referred to, unlike wages, which bolster a viable economy, are utilized for reinvestment, which in turn increases production without any assurance that it will be accompanied by any balancing increase in purchasing power. Yet this aspect is ignored by the administration.

In a recent statement before the congressional Joint Committee on Economics, Mr. Arthur M. Ross, Commissioner, Bureau of Labor Statistics, asserted that "outside" increases substantially exceeded the 3.2 percent guideline as follows:

- Steel wages increased by 4.2 percent.
- Office clerical workers increases, 3.4 percent.
- Manufacturing industry increases, 2.8 percent
- Construction industry increases, 5.1 percent.

In testifying before this committee on March 7 the Chairman of the U.S. Civil Service Commission, in responding to questions by a member of this committee, conceded a gap of at least 21 months from the period on which the most recent Bureau of Labor Statistics' report utilized by the administration were taken, until the effective date recommended for salary increases, namely January 1, 1967. Further, this leaves completely out of account the fact that irrespective of substantial increases which could take place between the 1st and 12th month during which a given Bureau of Labor Statistics report is binding, such increases could only be reflected in subsequent Bureau of Labor Statistics reports.

Let's take a look at exactly what the administration proposes in terms of increases in actual take-home pay for employees, utilizing step 5, level 4 as a median or "pay line." Under it, salary would be increased from \$5,694 to \$5,830, or nominally \$136 per annum. The proposed biweekly increase would amount to \$5.23. From the standpoint of take-home pay, this would be decreased by the additional 1.2 percent increase in retirement deduction as proposed, which would amount to \$1.46 biweekly, leaving a net gross increase in take-home pay of \$3.77 biweekly. The difference in increased Federal taxes would cost the employee 73 cents biweekly. Thus the net increase in pay biweekly would be \$3.04, which would amount to the munificent sum of \$1.52 per week. Let us also remember that for employees in levels 1, 2, and 3 of the postal field service, the ones that need it the most, it would be substantially less. Is this the bold look of the Great Society? And is this being put forth seriously by its sponsors as a meaningful, dynamic program of economic redress?

The administration places great stress on productivity as a major aspect in its salary guidelines. The \$1.52 a week would amount to 0.0037 percent of gross annual salary in the median step and level. In the Annual Report of the Postmaster General, 1965, it states:

"During postal fiscal year 1965, workload in all WMS installations increased 4.8 percent over postal fiscal year 1964 versus a 2.9-percent increase in total clerk-mail handler work hours."

This means that there was an actual net increase in productivity of 1.9 percent in which employees were the decisive factor. In actual practice, they have been entirely dependent on the degree to which employees in outside industry are able to translate increases in productivity into increased wages under their respective employment contracts. We assert that the comparability pledged should be the floor and that to it should be added this increased productivity of postal employees, amounting currently to 1.9 percent.

The administration stands in firm opposition to an increase in premium pay for Saturday, Sunday, and holiday work. It contends that this is not a sufficiently general practice in the private sector so as to warrant having this reflected in the pay bills under consideration. In so doing, statistical reference was made to conditions prevailing in supposedly comparable outside industry. On questioning however, the Department spokesman conceded that the figures cited covered white-collar workers. In further questioning, he conceded that postal employees were not only not white-collar workers generally, but were in fact unique, and not literally comparable to outside positions. Thus the Department's views were shown to be basically irrelevant and therefore invalid. We assert that if the



Department and the administration are truly concerned with assuming full responsibility for establishing a sound and progressive salary structure for postal and Federal employees, they will support the provisions of H.R. 10294 and related bills, which call for payment of time and one-half for Saturdays, and double time for Sundays and holidays. We urge the committee to act forthrightly in this area.

The spokesman for the Department, in opposing payment of overtime rates for substitutes for work in excess of 8 hours, made reference to the fact that only 29 million out of 69 million outside employees are subject to the Fair Labor Standards Act, although admittedly this is required for outside employees by other legislation, such as the Walsh-Healey Act. As was pointed out by a distinguished member of this committee, this reference of course includes only employees engaged in interstate commerce, and totally ignores a much larger number employed intrastate who do have equivalent protection. Actually, as the Department spokesman himself conceded, "of 400 contracts reviewed by the Bureau of National Affairs, 90 percent specified time and one-half for overtime, after 8 hours in 1 day." The implication is very clear. Postal substitutes, just as regulars, should be entitled to be paid time and one-half for all work performed in excess of 8 hours a day.

Because of this inequity, we have had numerous problems having to do with the opportunity for overtime given substitutes as against regular employees. The Department's own instructions provided for generally giving equal opportunity. Nevertheless, in practice, substitutes, although in excess of 40 hours a week and thus on overtime, have repeatedly been given greater opportunity for overtime in many offices, although there is no savings to the Department. This happens because supervisors tend to hold substitutes for overtime rather than regulars because of the possibility that a given substitute may not have reached 40 hours in a given workweek, and thus theoretically may be utilized at straight time, resulting in an economy.

In large offices, it is virtually impossible to keep a sufficiently accurate accounting of hours so as to enable a supervisor to know at any given moment what given substitute will be on actual overtime. The result has been confusion, and a great deal of unnecessary resentment caused, with no gain in efficiency whatsoever. We urge in the strongest possible terms that substitutes be paid overtime for all work in excess of 8 hours a day as a matter of simple equity.

One aspect of the Department's application of the recent pay law, Public Law 89-301, requires mention. Under the authority vested in the Postmaster General, a workweek beginning at 12:01 a.m. Saturday, and ending 12 midnight Friday was established. It should be noted that this covers substitutes who are defined under the same law as employees with no regular work schedule. Under departmental instructions, substitutes who work past midnight on Fridays arbitrarily had their tour terminated at 12 midnight for pay purposes only and were required to hit a new timecard at 12:01 a.m. Saturday.

Thousands of substitute employees who continue to work several hours past midnight Friday had these hours counted as part of a new workweek. The result was to deny these employees who may have worked 40 hours by 12 midnight on Fridays overtime rates for work performed on Saturday morning as part of a continuous tour which begins on Friday, the night previous. In effect, since November 6, 1965, we are happy to note that recent Department instructions appear to have eliminated this injustice.

There is a special aspect for regulars too. The Department has deliberately encouraged establishment of tours on Saturday and Sunday nights different from reporting time the other days in the week in order to avoid payment of Sunday differential. This means regular reports 4 days a week at one hour and on Saturday or Sunday at a completely different hour.

The Department also proposes an extension from 12 to 15 hours as the maximum hours "during which an employee may be worked or available to work, retaining the current requirement that no employee shall be employed more than 12 hours in 1 day." We flatly and strongly oppose this proposal. The Department's spokesman referred to the need for utilizing employees in small offices at peak periods from 6 a.m. to 8 a.m. and then from 5 to 8 p.m. on that same day. This is reminiscent of split shifts which have not been seen on the American labor scene since the depression of the 1930's. Citing the Department's needs in such terms is a sad commentary on the extent to which acceptance of modern personnel practices has yet to permeate the Department.

This proposal, and the resistance to overtime rates for substitutes for work in excess of 8 hours a day, are based largely on the Department's contention that the

substitutes constitute a "unique" category. They do indeed, Mr. Chairman, but does the Department think that by claiming a so-called special need, it thereby assumes the right to create a subhuman category which becomes completely expendable? It was this kind of approach which led to a protest demonstration here in Washington in the early 1930's in which subs carried signs saying, "Mr. Farley, can you live on \$6 a week?" As we have emphasized in previous testimony, Mr. Chairman, is a substitute less a human being, a father, a citizen, as breadwinner, less subject to physical strain and less vulnerable to fiscal pressure because the Department rhetorically has dubbed them "on call" employees? Is there any comparable outside industry that would dare to attempt to create a special category of employees which by definition became less entitled to proper working conditions and standards? I think not, Mr. Chairman, and I urge that this committee reject this philosophy in its entirety. It is long since time that the Post Office Department stopped demanding special privileges and accepted the same responsibility as do outside employers in this connection, particularly since it frequently refers to outside conditions when discussing other phases of its proposals.

In considering increases for postal employees, some aspects not directly connected with salary as such, but which bear directly on the question of the status of postal workers should be considered. The administration salary recommendations must be evaluated in terms of continuing personnel policies which tend to undermine the status of major categories of employees. This is underscored by the continuing difficulty encountered by the Department in attempting to attract badly needed additional personnel. As an example, I submit a copy of the Department's regional letter, marked "Exhibit A," dated January 17, 1966, an open acknowledgement of this problem. I call to your attention, Mr. Chairman, another aspect: the increasing tendency to fragment and parcel out essential aspects of the duties of distribution clerk and letter carriers to various kinds of temporary employees. This type of development has a serious adverse effect on morale, and while morale may be an intangible from the standpoint of statistical reports, it is ultimately the most decisive factor from the standpoint of improving real efficiency. At this point, Mr. Chairman, I ask permission to insert into the record exhibit B, a copy of a letter from me to the Postmaster General, dated March 2, 1966.

In this same vein, I request permission to submit for the record exhibit C, a letter on this same subject, also dated March 2, 1966, addressed to Mr. John W. Macy, Jr., Chairman, U.S. Civil Service Commission.

The whole question of Government contributions to health premiums has become an increasingly vital issue. Repeated increases in the cost of premiums under the Health Benefits Act of 1959, has, in effect, resulted in an annual wage cut for postal employees. This means that, in a relative sense, the wage status of postal employees has up until now steadily deteriorated in a major area. We appreciate the fact the the administration has taken cognizance of the fact that there have been no increases in Government contributions since the Health Benefits Act became effective in July 1960. Its recommendation, however, for what amounts to a 25-cent-per-week increase in its contribution, beginning January 1967, with another 25 cents to be added, effective January 1, 1968, falls far short. I take the liberty of submitting a communication, marked "Exhibit D," I sent the Honorable Dominick V. Daniels, the distinguished chairman of the House Subcommittee on Retirement, Insurance, and Health Benefits, dated January 26, 1966, which sets forth our position with respect to the need for an increase in Government contributions to employee health premiums. It is a most serious problem, and I urge that the most positive and liberal action be taken.

We commend the administration's recommendations to establish optional retirement at age 60 with 20 years of service and to assure a minimum annuity for disability retirement, amounting to not less than the amount an employee in outside industry could obtain under social security. It must be recognized, however, that these are essentially peripheral and do not touch the heart of the need for basic improvements in retirement benefits. In this connection, we note that there is not even mention of support of the administration-blocked proposal in the last session which would have increased annuities for survivors and dependents from 55 to 60 percent, a modest 5-percent increase. We do not think that the administration's proposed improvements on retirement begin to go far enough. National Postal Union's retirement program, as adopted by various national conventions, is as follows:

1. Elimination of the 1-percent deduction per annum between the ages 55-60.



2. All annuities to be tax exempt. Elimination of all deductions assessed for the privilege of selection of widow's and dependents' annuities.
3. Optional retirement after 25 years of service, regardless of age, based upon 2½ percent of the highest 1 year of service multiplied by the number of years of service, not to exceed 100 percent of the salary.
4. No increase in the present 6½-percent deduction of the employee's basic salary.
5. Extend all benefits to former employees now on the retirement rolls.
6. All salary increases enacted be immediately reflected in retirement benefits to all annuitants.
7. That the Government appropriate such sums as may be necessary to assure that Government contributions will have equaled employee contributions since the inception of the act in 1920.
8. That the proviso of 5 years of civilian service for survivors benefits under the death claim be changed to read: "Immediately upon becoming a member of the civil service retirement fund."
9. When a wife or husband for whom the survivor's annuity election was made predeceases the employee, the employee's annuity be automatically restored to the full amount.

We assert that above all, action is long overdue to provide for full retirement benefits with 30 years of service, regardless of age, and without any increase in cost for employees. We also urge the committee to act favorably on other aspects of the retirement program as just enunciated.

On February 16, 1966, National Postal Union testified in strong support of H.R. 11879, introduced by Congressman Dominick V. Daniels, which would improve Federal group life insurance. Our comments covered 10 pages and we deliberately confine our remarks to a summary. We urged three amendments. First, that all eligibles, regardless of title or level, be assured a minimum of \$10,000 coverage. Secondly, that present provisions which provide for a reduction in the face value at age 65, unless the employee remains in the service, be canceled, in its entirety, with the full face value retained. Thirdly, that there be no increase in cost to employees.

The distinguished Chairman of the Civil Service Commission in testifying on this subject, has indicated support only with respect to authorizing an increase to a maximum of \$30,000 insurance. This would apply only for higher level employees, based on the formula presently used. Obviously, life insurance benefits accrue to the survivor and/or dependents of an employee, not the employee himself, in addition to annuities paid to such survivors and dependents. In the case of life insurance, however, an increase to a maximum of \$30,000 without any increase in the face value for lower level employees would be an injustice. The survivors and dependents of higher level employees should not be invested with five or six times the need and right of lower paid employees without assuring such employees a reasonable minimum such as \$10,000. Indeed, it is obvious that the survivors and dependents of lower level employees, especially in the case where there are young children, have had much less an opportunity to shore themselves up against the vicissitudes of life. As I stated in my previous testimony, Mr. Chairman, there should be no such aristocracy in death.

On this subject, I would like to bring to the attention of this committee another aspect. On December 2, 1965, a communication from the U.S. Civil Service Commission invited comment on a proposed amendment to the Federal employees group life insurance regulations which would limit free coverage while in nonpay status to a total of 12 months, unless the employee returned to pay status for the purpose of performing substantial service. We strongly oppose such a retrogressive change. Included in those who would be adversely affected by any such change are national officers of employee organizations, including National Postal Union. Mr. Chairman, I submit for the record, copies of the Commission's proposals and our views, as transmitted to Mr. Andrew E. Ruddock, Director, Bureau of Retirement Insurance, U.S. Civil Service Commission, that same day, December 2, 1965 (exhibit E). I also submit a copy of a letter to Congressman Dominick V. Daniels, dated February 28, 1966, bearing on this same subject (exhibit F).

One more thought before closing, Mr. Chairman, Department testimony included a listing of advances made which "has moved the Department from the ranks of the not-so-good employers to the ranks of the progressive employers." I suppose that the Department bases its claim on the fact that everything can be claimed to be relative. I am bemused that the Department referred to itself, albeit retroactively of course, as a "not-so-good employer."

In evaluating the advances however, we should not lose sight of the total picture. If the Department were a truly progressive employer, it would now be strongly supporting the Dulski amendment, restoration of the cut in cost-of-living allowances in Puerto Rico and the Virgin Islands, an increase in per diem for mobile unit employees, and a work clothing allowance for mail handlers, maintenance and motor vehicle employees in particular, among other things.

I want to express my deep appreciation to the distinguished chairman and members of this committee for the opportunity of commenting at length on the vital legislation under consideration.

## EXHIBIT A

POST OFFICE DEPARTMENT—REGIONAL LETTER, JANUARY 17, 1966

Personnel subseries No. 349.

Subject: Recruiting assistance.

## I. ACTION OFFICES

Regional directors and directors, personnel division.

## II. PURPOSE

To provide assistance to postmasters in areas where recruitment is difficult.

## III. BACKGROUND

The San Francisco region developed a small recruiting announcement which was delivered by letter carriers to every mailbox in the city. It proved so successful that it is now being made available as a departmental form, so that it may be available to all postmasters.

## IV. PROCEDURES

Fifty sample copies of form 2415, "An Important Message From Your Postmaster," are attached for information. All residential carrier routes should be covered, although not necessarily at the same time. Under no circumstances should these forms be distributed to business concerns. Regional directors through the directors, personnel division, shall designate the postmasters in their region who are having difficulty in recruiting. Instruct the postmasters to requisition an initial supply of form 2415 from the supply centers on form 4750, special requisition for supplies. The quantities of forms requisitioned should be limited to the actual number of carrier routes involved. At the same time the director, personnel division, shall send to the supply center a list of the offices scheduled to requisition the form so that issuance may be confined to those offices designated for this project. Additional supplies of the form may be ordered during regularly scheduled requisitioning periods on form 1580, requisition for supplies. It may be necessary to temporarily limit distribution because of the examination workload, but if this is done, it is suggested that complete distribution be made for each carrier station in turn. It is also suggested that the postmaster consult with the local carrier employee organization in order to explain the recruiting program to the carriers and to enlist their assistance.

RICHARD MURPHY,  
*Assistant Postmaster General.*

## EXHIBIT B

NATIONAL POSTAL UNION,  
*Washington, D.C., March 2, 1966.*

HON. LAWRENCE F. O'BRIEN,  
*Postmaster General,*  
*Washington, D.C.*

DEAR MR. O'BRIEN: Your general release No. 36, dated February 26, 1966, concerned the "immediate recruitment of approximately 10,000 'needy and deserving' students to help post offices all over the Nation move the mails more rapidly during rush hours." It authorized establishment of a new position of postal assistant, PFS-3 at \$2.37 an hour.



National Postal Union appreciates and supports the desire of the administration and the Department to encourage and aid needy students as such. However, we wish to strongly protest the action taken because it is one more fundamental change in policy being taken in haste, without an opportunity for proper evaluation and consultation, and because it will increase instability among personnel, cause disruption, create problems and resentment, and tend to undermine the status of career, full-time postal employees.

This new type of employment must increasingly lessen the attraction of full-time employment with the Post Office Department made through normal civil service registers at a time when the Department has been compelled to initiate extraordinary measures in an effort to overcome the difficulties presently being faced in obtaining additional thousands of needed new employees. In the last 10 years, beginning with the establishment of the category of part-time temporary substitutes, we have seen the status of the full-time career employee whittled away at steadily. We have Christmas assistants, seasonal assistants, NTE 30-day "emergency" appointments, 89-day appointees, indefinite temporary substitutes, schedule A appointments, part-timers (4 hours a day), and now a 16-hour-a-week employee. This new position is being authorized and utilized with a total disregard for its impact on the morale of full-time career employees, who must continue to feel downgraded at the spectacle of having phases of their basic functions parceled out to non-civil-service employees, appointed without written examinations of any kind.

These newest postal assistants are being hastily appointed with a degree of discretion given to departmental representatives, that undermines civil service standards.

The haste is particularly indecent in view of the following:

(1) Authority for these appointments was granted by the civil service Commission on date of December 17, 1965, but after 2 months, there is not even a temporary job description and instead, the duties of SP 1-20 (seasonal assistant, PFS-3) will be utilized "pending issuance of a new standard position;"

(2) The announcement states flatly that there will be "no examination;"

(3) Rate of pay will be step 1 of level 3, \$2.37 per hour, but the temporary job description would, in practice, undoubtedly open the way toward the attempted use of this employee for work normally performed by a distribution clerk (KP-12, PFS-4), or a city of special carrier, or special delivery messenger (KP-11, PFS-4). In practice, the use of postal assistants is bound to create confusion, resentment, and problems of every kind. It would introduce the atmosphere of the Christmas rush every day of the week where such employees are utilized. It is in our opinion essentially a cheap labor device, using a "progressive" approach.

The use of postal assistants will increase instability, and there will inevitably be a never-ending turnover of personnel in this title. It is bound to complicate major and serious problems attendant on present efforts to establish a proper foundation for the concept of the administrative workweek. Why should a person seek to take an open, written competitive examination for postal employment, and to make it a full-time life career when there are so many flexible approaches which offer shortcuts? As against rigid work schedules for full-time regulars, the postal assistants can have virtually any hours and will undoubtedly have work schedules which, at least in part, will have advantages over the work schedules of regular senior career employees. They will not have schemes, but be used in simple distribution. They will, if the job description of SP 1-20 prevails, not have routes but assist in delivery of mail, etc. This is a hybrid position in our opinion, an ill-concealed product of expediency, whose political overtones are inescapable and which callously ignores the effect on full-time career employees.

The Department's instructions to regional directors state in part, "It is expected that use of these employees will be of significant benefit to the postal service, in that it will reduce the need for temporary substitutes." How, by increasing their number—because the postal assistants will in fact be nothing more or less than temporary substitutes.

We urge that all plans to employ postal assistants, PFS-3 be abandoned.

Thank you for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

## EXHIBIT C

NATIONAL POSTAL UNION,  
Washington, D.C., March 2, 1966.

Mr. JOHN W. MACY, Jr.,  
Chairman, Civil Service Commission,  
Washington, D.C.

DEAR MR. MACY: Attached is a copy of a communication from the undersigned, addressed to Postmaster General Lawrence F. O'Brien, dated March 2, 1966, with reference to the position of postal assistant, PFS-3, being established in the postal service. Insofar as the position is being established pursuant to authority of the Civil Service Commission, dated December 17, 1965, I wish to urge withdrawal of such authority.

Beyond our observations in the communication to the Postmaster General as referred to above, I call your particular attention to that part of the announcement by the Postmaster General under point one title of position: postal assistant, PFS-3. Pending issuance of new standard position, duties contained in SP 1-20 shall be used.

This is the first time in memory that a position to which thousands could be appointed has been established, utilizing the job description of another position pending issuance of a new standard position.

This is certainly a unique type of appointment with a temporary job description presumably to be followed by a permanently established job description, which as of the time that appointments are authorized, is undefined. However legal this might be contended to be in a technical sense, this surely violates all past practice, and elementary principles of proper management responsibilities, as well as consideration for full-time career employees.

Career employees must be especially resentful of the extraordinary haste. For at least 10 years prior to passage of Public Law 89-301, untold thousands of career substitute employees were required to work all kinds of excessive hours on a daily and weekly basis at straight time. This was an indefensible situation from every point of view. Yet, no real effort to provide relief was attempted until the recently enacted pay legislation made its' continuation uneconomical. Leaving aside political implications, career employees can only conclude that the need for postal assistants became an emergency solely as an economy measure. How long will full-time career employees be compelled to listen to affirmation of good intentions concerning desirable and oft proclaimed, but never consummated improvements for career employees, while the Department and the Commission move decisively and with extraordinary speed to create this dubious kind of position, using an even more dubious procedure.

Your reputation as a knowledgeable, exceptionally able administrator, who fully supports the principles of civil service procedures, must surely place you in an unenviable position at this time. You cannot be unaware that the long-range effects of establishing this new position must seriously undercut the type of management procedures and employee-management relations to which you are undoubtedly sincerely committed.

I wish to urge that the authority for establishment of postal assistant, PFS-3 be withdrawn forthwith in the best interest of the service.

Thank you very much for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

## EXHIBIT D

NATIONAL POSTAL UNION,  
Washington, D.C., January 26, 1966.

HON. DOMINICK V. DANIELS,  
House Post Office and Civil Service Committee,  
House Office Building, Washington, D.C.

DEAR SIR: On date of January 12, 1966, we advised you of our legislative program for the Second Session of the 89th Congress with respect to liberalizing amendments to Public Law 89-301. We also wish to bring to your attention the vitally important issue of government contributions to health plan premiums, a matter we consider to be of the highest priority.

We strongly believe that the Government should pay the entire cost of health premiums for all eligibles, a practice that has become more and more common in



comparable outside employment. Incidentally, we note that for municipal employees in the city of New York the city government is contributing 75 percent of the cost of comparable hospitalization currently and effective January 1967, will assume the entire cost.

The Government's contribution has been \$3.12 per eligible per pay period ever since the inception of the Health Benefits Act in July 1960. Increases in the cost of hospital and medical services have been referred to as having averaged 5 percent a year since that date. However, our actuaries advise us that increases at the present time are actually averaging 8 to 12 percent a year with absolutely no end in sight. This imposes a major hardship, particularly on lower paid postal employees and amounts to an annual wage cut.

The acute problem posed is dramatized for example in what has happened to hospital costs in New York City. The following tells its own story:

	<i>Per day</i>
Prior to July 9, 1960 (inception of Health Benefits Act)-----	<sup>1</sup> \$20. 00
Until July 1, 1960-----	24. 00
July 1, 1961-----	26. 00
July 1, 1962-----	28. 00
January 1, 1963-----	30. 00
January 1, 1964-----	34. 00
June 1, 1965-----	48. 00
January 1, 1966-----	53. 50

<sup>1</sup> Comparable union plan.

This is an "all inclusive" contract rate for National Postal Union based on charges to Blue Cross. It covers surgery, special services, drugs, etc. Without a contract, costs would be much higher. As of this date our actuaries, reflecting the virtually unanimous views of experts in this field, estimate that the all-inclusive contract rate we can expect by 1970 with the Department of Hospitals, New York City, will be \$100 a day. This tells its own story and there is no need to embellish.

On January 18, 1966, we held a day-long session of our National Advisory Committee to our health plan at the International Inn, Washington, D.C. Local health plan representatives from every part of the Nation as well as three full-time health plan claims representatives were present. The 20 participants, with our actuary and members of his staff were present, evaluated the entire situation. This meeting unanimously voted to seek a congressional investigation of the continued spiralling medical and hospital costs by an appropriate committee in both the Senate and House. We are hopeful that medicare, effective July 1, 1966, may have a tendency to diminish the sharp rate of increase but it can be expected to do little more.

Accordingly, on behalf of the more than 100,000 people covered by National Postal Union hospital plans, I wish to request and urge a full scale investigation of the entire situation in the best interest of not only our membership but all postal and Federal employees and indeed the entire Nation.

Thank you very much for your consideration. Thank you for responding favorably to our request for an opportunity to present our legislative program. I look forward to an early meeting.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

#### EXHIBIT E

U.S. CIVIL SERVICE COMMISSION,  
BUREAU OF RETIREMENT AND INSURANCE,  
*Washington, D.C., December 2, 1965.*

Because the present regulation does not entirely carryout the intent of the law, by letter of May 14, 1965, I invited your comment on a proposed amendment to the Federal employee's group life insurance regulations which would "limit free coverage while in nonpay status to a total of 12 months unless the employee returned to pay status for the purpose of performing substantial service." I now want to thank you for your reply, and to advise you of the current status of the proposal.

The Commissioners have decided to defer making any change in the regulations on this provision for approximately 1 year. This period of deferment will give those who would be affected adversely by the change ample opportunity to make

other insurance arrangements if they so wish, and allow the unions whose officers are involved time to seek such legislation as they may consider appropriate.

Sincerely yours,

ANDREW E. RUDDOCK, *Director.*

NATIONAL POSTAL UNION,  
*Washington, D.C., December 2, 1965.*

Mr. ANDREW E. RUDDOCK,  
*Director, Bureau of Retirement and Insurance, U.S. Civil Service Commission,  
Washington, D.C.*

DEAR MR. RUDDOCK: Thank you for the opportunity of expressing our views with reference to the question of retirement credit and hospital coverage for union officials on full-time leave, who have been reporting for duty only 1 day in a calendar year.

We feel strongly that past and current practices completely fail to give elementary consideration in both respects. Such union officials receive only 6 months' credit for retirement purposes in a given leave year, and are denied participation in the Federal Employees Health Benefit Act. In effect, this penalizes duly elected representatives of Federal employees for performing a necessary function which is clearly in the interest of both the Government and its employees.

The present practice clearly violates the whole spirit and intent of Executive Order 10988 which has now been in effect for 4 years. The Government and its agencies has officially proclaimed its recognition of employee rights to an unprecedented extent, and certainly present practices are clearly incongruous.

We strongly believe and assert that all duly elected, full-time union officials are entitled to, and should receive, all benefits which they would be eligible to enjoy if they were on full-time duty. The cost of this to the Government would be negligible. However, the Government should at least make it possible for such union officials to enjoy all benefits they would otherwise be receiving by having the respective unions involved contribute the respective amounts that would normally be contributed by the employee involved.

Only such a policy would be fair, equitable, and consistent with the obligations of the U.S. Government, the policies it has proclaimed and the rights of employees who happen to be union officials. We urge that such procedures be instituted forthwith.

Thank you very much for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

#### EXHIBIT F

NATIONAL POSTAL UNION,  
*Washington, D.C., February 28, 1966.*

HON. DOMINICK V. DANIELS,  
*House of Representatives,  
Washington, D.C.*

DEAR CONGRESSMAN DANIELS: I want to again express my deep appreciation for the courtesies shown me when I appeared to testify before your subcommittee in connection with your bill, H.R. 11879, which would significantly improve coverage for employees under the Federal Employees' Life Insurance Act of 1954. At that time, I inadvertently omitted commenting on one aspect; free life insurance coverage for full-time union officials, which I hereby submit.

Presently, elected full-time union officers have free coverage under the Federal employees' group life insurance, being required to actually report to their nominal assignment only 1 day a year. The Department is considering a change to "substantial service."

Any such change would seriously and adversely affect union officials. "Substantial service" would require them to abandon the duties of their office for some length of time, unstipulated at the moment, in addition to imposing hardships from the standpoint of travel, cost, etc., if they are national officers, permanently assigned to Washington. It would appear that Commission reasoning includes the assumption that any loss of insurance coverage by union officers, as a result of the change in criteria, could easily be covered by the respective organizations involved. As a matter of fact, however, most of the union officials who would be adversely affected would have difficulty obtaining insurance, either from the



standpoint of state of health and/or age, and even if it were obtainable, the cost would be high.

It seems ironic that the Commission's proposal comes at a time when presumably the status and recognition of employee organizations is supposedly more secure and given greater emphasis than ever before, especially with the advent of Executive Order 10988. The "costs" of retaining present criteria is absurdly low because of the relatively tiny number of employees affected. Nevertheless, we find that "economy" is again being raised, this time threatening to deny continued free life insurance coverage for full-time union officers, a longstanding practice.

I wish to request and urge that your bill carry an amendment which would assure retention of free coverage under the Federal Employees' Group Insurance Act for full-time union officials on leave.

I am also taking the liberty of attaching photocopies of a letter of December 2, 1965, from Andrew E. Ruddock, Director, Bureau of Retirement and Insurance, U.S. Civil Service Commission, and my answer thereto, similarly dated December 2, 1965. A perusal of both of the aforesaid letters will acquaint you with the current status of this matter.

Thank you very much for your consideration.

Sincerely yours,

SIDNEY A. GOODMAN, *President.*

The CHAIRMAN. Thank you, Mr. Goodman.

One of the things left out of the bill which I consider to be of great importance for the younger members working their first 5 years is social security.

Mr. GOODMAN. We heartily support the minimum an employee would get under social security benefits.

The CHAIRMAN. This is one of the necessary items because until after 5 years there is no benefit for a postal worker or any other Federal worker, no matter how large his salary.

Mr. GOODMAN. We covered this in our House statement, which is 35 pages.

The CHAIRMAN. On health costs, you don't consider the health costs to be chargeable to the guidelines, do you?

Mr. GOODMAN. Absolutely not. We think this is grossly unfair. We recognize, of course, that the original law did tie the Government contributions to the lowest Government cost of the plan at low option. That is true. But recognizing the majority of eligibles have taken the high option and recognizing what happened since 1960, it is very obvious the Government has an obligation to at least restore the original proportion between the Government and employee and particularly to take cognizance of the fact of life that most employees are necessarily in the high option and the tying of the Government's contribution to the low option means there is a built-in inequity. It is a pitiful gesture which most employees frankly resent and we think strongly the members of this committee should take a strong position with respect to adjusting an inequity, excluding them from the guidelines and making a meaningful contribution so that employees will not be faced with an annual wage cut.

There is no sign of a change, as the chairman knows. We requested an investigation of the medical and hospital benefits because, frankly, at this point there is no beginning and no ending and working people who must have maximum coverage are suffering under this.

The CHAIRMAN. Thank you.

Senator Yarborough?

Senator YARBOROUGH. This last point, your statement that you had requested an investigation of this spiraling cost of health and hospitalization. I notice that in New York City, July 1, 1960, the

average cost of a hospital per day was \$24 and on the first of January 1966 that had gone from \$24 a day to \$53.50 a day in that 5½ years time. Has the increased cost been comparable in other cities across the country?

Mr. GOODMAN. I can't speak directly, but I think generally that cost is spiraling.

Senator YARBOROUGH. You said you hope medicare, effective July 1966, may have a tendency to diminish the sharp increase. I am not as optimistic as you. I think there will be a greater demand on medicare, many people will be able to go to hospitals that were never able to go before. I feel the cost will go up. Did the House committee begin such an investigation?

Mr. GOODMAN. Apparently the question of jurisdiction is controversial and it seems to us we can't find an appropriate committee to indicate a desire. We intend to submit the request to a number of other committees.

Senator YARBOROUGH. I think if any of the four committees started to do this, the others would say, as they do at country dances, "You play and I will pat my foot." Our problem is not the desire and willingness to do it but finding someone who can. It means we have to find committees to do it.

Mr. SILVERGLEID. I am sure, Senator, we would be happy to have this committee do it.

Mr. GOODMAN. If I may, I would like to add one point that the hospital provision dramatizes. The letter that the Senator referred to states the cost of a ward bed in the city hospitals is \$55.60 a week. All of us agree in 1970 it will cost \$100 a day for a bed in the ward of the city hospitals. This is an all-inclusive rate including bed, food, drugs, and services. In 1970 \$100 a day is estimated.

Senator YARBOROUGH. That is on your book plan where you get a cheaper rate?

Mr. GOODMAN. That is correct.

The CHAIRMAN. The \$53 rate does not include medical services?

Mr. GOODMAN. It does for us. They include special services and drugs. If it is going to be \$100 a day for a bed in a city hospital in a ward for a group plan, what will it be for an individual?

The CHAIRMAN. It was originally \$20 a day?

Mr. GOODMAN. That is right.

The CHAIRMAN. That was 1960?

Mr. GOODMAN. Yes; in 5 years this is what happened.

Senator YARBOROUGH. At this rate it will be cheaper to die.

The CHAIRMAN. Any further questions?

**STATEMENT OF CLARENCE M. TARR, PRESIDENT, NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES; ACCOMPANIED BY JOHN OVERHOLT, LEGISLATIVE COUNSEL; AND GLENN R. SIMCOX, FORMER NATIONAL PRESIDENT**

The CHAIRMAN. Our next witness is Mr. Clarence M. Tarr, president of the National Association of Retired Civil Employees. Mr. Tarr is accompanied by Mr. John Overholt, legislative counsel, and Mr. Glenn R. Simcox, former national president.

We are happy to have you. Please come forward with your associates, Mr. Tarr.



Mr. TARR. Thank you, Mr. Chairman.

Senator YARBOROUGH. May I make a statement?

The CHAIRMAN. Yes.

Senator YARBOROUGH. I have to leave but I am taking the statement of Mr. Tarr and Mr. Cullen, the president of the National Association of Special Delivery Messengers, and will read those statements.

The CHAIRMAN. Thank you.

You may proceed.

Mr. TARR. Mr. Chairman and members of the committee, my name is Clarence M. Tarr, president and legislative director of the National Association of Retired Civil Employees. I am accompanied today by Mr. John Overholt, legislative counsel, and Mr. Glenn R. Simcox, former national president.

Our association has more than 124,000 members, principally retired civilian employees of the United States, but including some of their dependents and survivors and widows of employees who died in the service. We have over 900 chapters throughout the United States. We come here today to speak in behalf of H.R. 14122, particularly as it relates to the correction of certain inequities in benefits for retired civil Federal employees and their dependents and survivors.

For many years we have advocated the principle that benefits for active employees and their dependents and survivors and benefits for retired employees and their dependents and survivors should be considered at the same time, on a package basis. We are glad to see this year that the administration favors combining salary provisions with retirement law amendments in the same bill, because pay and fringe benefits both represent costs of the working force.

We are pleased that the House of Representatives added a provision in H.R. 14122 that will benefit present retirees and survivors as well as legislation to improve retirement benefits for persons who will retire in the future.

Our most important problem is to establish a correlation of survivor benefits under the Civil Service Retirement Act. Prior to April 1, 1948, there was no simple procedure for a retiring employee to provide survivor benefits for his spouse. There was an option for a joint-survivor annuity to be computed on an actuarial basis but it was so complicated that few retiring employees used it. Also, there was no provision for an annuity for the widow of an employee who died in the service.

On April 1, 1948, Public Law 426 (80th Congress) became effective, and permitted a retiring employee to elect a survivor annuity for his spouse by taking a reduction of 10 percent in his annuity, plus a reduction of three-fourths of 1 percent for each year that such spouse was under the age of 60, the total reduction not to exceed 25 percent. The survivor annuity was fixed at 50 percent of the unreduced annuity of the retiree.

This law also granted a survivor annuity to the widow of each male employee who dies in the service after service of at least 5 years, computed on the basis of half of the amount the employee would have received if retired on full annuity at the time of his death. Also, this law granted either a free survivor annuity, or an annuity increase of 25 percent (not to exceed \$300), to each married person previously retired. The survivor annuity was set at half of the annuity of the retiree, limited to \$600 per annum.

Two years later, Public Law 601 (81st Congress) granted survivor annuities to those who had chosen annuity increases and vice versa, thus assuring survivor annuities to all married retirees prior to April 1, 1948, who were living on that date. By a later law in 1958, the widows of pre-1948 retirees who had died before April 1, 1948, and the widows of employees who had died with 10 years or more of service before April 1, 1948, were granted annuities.

Under Public Law 310, 81st Congress, after September 30, 1949, the cost of a survivor annuity was modified by requiring a reduction of only 5 percent on the first \$1,500 of original annuity, plus 10 percent on the remainder, retaining the three-fourths of 1 percent reduction for each year the spouse was under 60 years of age, and with the maximum reduction limited to 25 percent. This law was not made retroactive to apply to persons previously retired.

Public Law 854, 84th Congress, made a drastic change in survivor annuities, effective October 1, 1956. Thereafter a retiree could elect a survivor annuity based only on a portion of his annuity, and suffered a reduction of only 2½ percent on the first \$2,400 of such portion, plus 10 percent of the remainder, if any. The survivor annuity was fixed at half of the amount of annuity designated by the retiree. Extra deductions based on the age of the spouse were discontinued. This enabled a retiree to provide a survivor annuity of \$1,200, for a reduction of only \$60 per year in original annuity. The provisions of this law were not made retroactive to apply to persons previously retired.

The latest change in laws governing survivor annuities was made in Public Law 87-793, effective October 11, 1962, when the amount subject to reduction at 2½ percent was increased from \$2,400 to \$3,600, and the amount of the survivor annuity was increased from 50 percent to 55 percent of the base. This enabled a retiree after that date to elect a survivor annuity of \$1,980 per year at a cost of only \$90 per year. The provisions of this law were not made retroactive to apply to persons previously retired.

During these years since 1948, both salaries and annuities increased many times but the increases in salaries were much greater than the increases in annuities. As a result, the average annuities of persons retiring today are much higher than the average of present annuities of persons retired some years ago.

Because changes in survivor provisions of the law were not made retroactive to persons previously retired, we now find that persons retired prior to October 1, 1956, are suffering the loss of up to 25 percent of their annuities in order to provide survivor annuities of only 50 percent of their unreduced annuities, while persons retired since October 11, 1962, can provide survivor annuities up to \$1,980 per annum for a reduction of only 2½ percent of \$3,600, or an annual cost not to exceed \$90.

Even where the age factor did not apply, the man who retired in 1948 who has annuity enough to provide his wife with a survivor annuity of \$1,800 is now suffering a reduction of \$360, 10 percent of \$3,600. The 1948 retiree pays four times as much as the 1963 retiree but the 1963 retiree can provide 10 percent more in survivor annuity. The retiree in 1950 who has a large enough annuity to provide a survivor annuity of \$1,800 is suffering an annuity reduction of 5 percent on \$1,500, and 10 percent on \$2,100, a total reduction of



\$285, more than three times the amount paid by the 1963 retiree, and can't provide as much as for his spouse.

The 1957 retiree who has sufficient annuity to provide a survivor annuity of \$1,800 for his spouse, is suffering a reduction of 2½ percent on \$2,400 and 10 percent on \$1,200, a total of \$180. His cost is double that of the 1963 retiree, who can provide 10 percent more in survivor annuity for only \$90 per year. The persons receiving the least annuities have to pay the most for survivor protection, and their survivors, who can only look for a percentage of small annuities, are further penalized by a lower percentage formula.

There was a similar problem under the Foreign Service retirement system. For many years prior to 1960, a Foreign Service officer was permitted upon retirement to designate his wife to receive a survivor annuity of half of his unreduced annuity, but he had to elect to receive for his lifetime only 75 percent of this unreduced annuity. He had to pay 25 percent of his annuity to provide his wife with a survivor annuity of 50 percent.

In 1960, a new law changed this system and permitted a Foreign Service retiree whose annuity would be at least \$4,800 to provide his wife with a survivor annuity of \$2,400 per year, at a cost of only \$300 per year—2½ percent on \$2,400, and 10 percent on \$2,400—which corresponded to the formula in effect at that time under the civil service retirement system. Also, this law set a minimum survivor annuity of \$2,400 for the Foreign Service retirement system. The law was not made retroactive for persons previously retired.

Public Law 89-308, approved October 31, 1965, eliminated these inequities from the Foreign Service retirement system. From now on, the annuities of former retirees who elected survivor annuities at the cost of a loss of 25 percent of their annuities, will be recomputed on the more liberal 1960 law of \$300 per year to provide survivor annuities of \$2,400. Also, survivor annuities which were under \$2,400 per annum are now increased to the new minimum of \$2,400 per annum.

In addition, Public Law 89-308 gives a new opportunity for former retirees who did not elect survivor annuities at the time of retirement to now elect such survivor annuities and pay back the costs from prior years by monthly installments of \$25 deducted from their annuities.

This law is directly in point for the civil service retirement system. There was discrimination against older retirees in the matter of costs imposed for the privilege of providing survivor annuities in the Foreign Service retirement system as in the civil service retirement system. It has been eliminated in the Foreign Service retirement system and should be eliminated also in the civil service retirement system. There was discrimination against survivors of older retirees in the Foreign Service retirement system as in the civil service retirement system. It has been eliminated in the Foreign Service retirement system and should also be eliminated in the civil service retirement system.

Section 507 of H.R. 14122 would eliminate the inequity in costs of survivor annuities with respect to all who elected annuity reductions in order to provide survivor annuities for their spouses, and would increase all survivor annuities that were provided by retirees who elected reduced annuities in consideration of such survivor annuities. It

would leave unadjusted the annuities of survivors of former employees who died or retired prior to April 1, 1948, which are not based upon designations by their deceased spouses, but are provided gratuitously by law.

Although these survivors received annuity increases up to 15 percent, instead of 11.1 percent for retirees between 1948 and 1956 and 6.1 percent for retirees since 1956 in Public Law 89-205, they are still in the lowest annuity group of civil service retirement beneficiaries and we feel they should receive further consideration. We realize that in their case it is not so much a question of correcting an inequity in the application of retirement laws as it is a recognition that low salaries and low annuities under pre-1948 laws have resulted in survivor benefits that are unconscionably low. We hope that the committee can find some way to extend help to these pre-1948 survivors that will not jeopardize the success of H.R. 14122.

We also seek an amendment to H.R. 14122 to prevent bringing another inequity into the civil service retirement system. Section 506 of the bill proposes to permit a surviving spouse of a retiree or of a deceased employee, who is receiving a survivor annuity, to remarry after reaching the age of 60 without loss of the annuity. This is a most desirable amendment to the law. It will permit many lonely widows and widowers now unable to marry for financial reasons to live more natural and wholesome lives. But is there any reason why this privilege should be extended only to widows and widowers of Federal employees who die or retire in the future? The widows and widowers now on the annuity rolls are just as lonely as the widows and widowers of the future. They are just as much entitled to live wholesome and natural lives as the widows and widowers of the future. We plead for human justice—for the same humanitarian rights for the present widows and widowers that are proposed to be granted the widows and widowers of the future.

Another discrimination in H.R. 14122 that should be corrected is the restriction of the benefits of section 506(d) to the surviving spouses of persons who will retire in the future. Section 506(d) promises to a survivor spouse annuitant who has lost a survivor annuity by remarriage that in the event such remarriage is terminated by death, annulment or divorce, the survivor annuity will be reinstated. Our association has favored this provision for many years, and we have been encouraged by Senator Neuberger's sponsorship of numerous bills to have it enacted into law. We are indeed distressed that the inclusion of this provision in H.R. 14122 is coupled with a denial of its benefits to present survivor annuitants, or to future survivors of present retirees. It is a very fine proposal to become effective in the future, and there is no good reason why its benefits should be denied to those who need them now. We hope this limitation will be removed by this committee.

We also wish to endorse the request by Senator Neuberger that H.R. 14122 be further amended along the lines of her bill, S. 3193, to permit a retired Federal employee who has elected a reduced annuity in order to provide survivor benefits for his spouse, in the event of the loss of such spouse by death or divorce, and remarriage to a subsequent spouse for at least 2 years, to designate such subsequent spouse to receive the survivor annuity elected at the time of retirement. Senator Neuberger recommends that only one such



change in designation be authorized for any retiree, and we concur also in this limitation.

These amendments, if enacted into law, would go a long way in restoring equity in the civil service retirement system, and we urge approval by this committee.

Thank you, Mr. Chairman and your committee, for this opportunity to present our views as to the inequities in the retirement laws.

The CHAIRMAN. Thank you very much. This is a very comprehensive and complete record of the problems dating back to retirees of 1948.

Would you be able to incorporate a table to show the status of each of the retirees since the bill has been changed since 1948 showing the survivor benefits?

Mr. TARR. Yes.

The CHAIRMAN. I think it would be very helpful to the committee. (The information follows:)

NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES,  
Washington, D.C., April 29, 1966.

Hon. A. S. MIKE MONRONEY,  
Chairman, Committee on Post Office and Civil Service,  
U.S. Senate, Washington, D.C.

DEAR MR. MONRONEY: Pursuant to your request on April 26 when we appeared at the hearing before the Senate Post Office and Civil Service Committee, in support of section 507 of H.R. 14122, and seeking amendments to grant further benefits to former Federal employees who have retired and for their survivors, we enclose herewith a table reflecting the effects of previous laws on the costs and amounts of survivor benefits under the civil service retirement system.

This table shows that a person who retired between April 30, 1948, and September 30, 1949, who elected a survivor annuity, is still required to pay from 4 to 10 times as much as a current retiree, and his survivor will get a smaller annuity. The retiree between October 1, 1949, and September 30, 1956, pays from 3 to 10 times as much as the current retiree for a smaller survivor annuity. The retiree between October 1, 1956, and October 10, 1962, pays twice as much for a smaller survivor annuity. The retiree since October 11, 1962, can provide 10 percent more in survivor annuity at a cost ranging from half as much to only a tenth as much as that charged former employees who retired from 3½ to 18 years ago.

The table also shows the inadequacy of the annuities available for survivors of former employees who died or retired prior to April 1, 1948. On June 30, 1965, there were 30,510 widows and 624 widowers receiving survivor annuities based on the service of employees who retired before April 1, 1948, and 8,248 spouse survivor annuitants of employees who died in service before April 1, 1948, and their total annuities amounted to \$4,054,382 per month. An increase of 10 percent in these annuities (equivalent to a change from a 50-percent base to a 55-percent base) would add less than \$5 million to the annual cost of the bill.

We urge adoption of an amendment to the bill to include these unfortunate survivor annuitants. We suggest the following language for such an amendment:

"Amend section 507 by inserting '(a)' before the first word 'Effective' and by adding subsection (b) as follows:

"(b) Effective July 1, 1966, the annuity of each surviving spouse of a former employee who died or retired prior to April 1, 1948, shall be increased by 10 per centum, and the annuity payable in the future to each spouse survivor upon the death of a former employee who retired prior to April 1, 1948, shall be increased by 10 per centum on the date it becomes effective, provided that no annuity shall be thereby decreased."

We also urge that H.R. 14122 be amended to permit present and prospective survivor annuitants to remarry after reaching age 60 without loss of survivor annuity, as is proposed for the survivors of present employees who will retire in the future, and to restore annuities to survivor annuitants who lost them by remarriage upon the termination of such remarriages, as is proposed for survivors

of present employees who will retire in the future. As language for these changes, we suggest:

"Amend section 508(b) by substituting for 'section 1(j),' in line 2 the following: 'subsections 1(j), 10(a)(2) and 10(f)'."

We further urge that H.R. 14122 be amended to include a provision for the election of a second survivor when the first survivor predeceases the annuitant. This is in accordance with Senator Neuberger's bill S. 3193. We suggest that section 507 or 508 of H.R. 14122 be amended by adding the wording of S. 3193.

We thank you for the opportunity to submit this additional information, and will cooperate in any way you desire.

Sincerely yours,

CLARENCE M. TARR, *President.*

*Table illustrating costs and amounts of survivor annuities*

Date employee retired	Earned annuity	Reduction rate	Amount of reduction	Rate of survivor annuity (percent)	Amount of survivor annuity
Prior to Apr. 1, 1948-----	\$2, 160	( <sup>2</sup> )-----	( <sup>2</sup> )-----	( <sup>2</sup> )	\$768
Apr. 1, 1948-Sept. 30, 1949---	3, 600	10 percent plus underage penalty. <sup>3</sup>	\$360 to \$900..	50	1, 800
Oct. 1, 1949-Sept. 30, 1956----	3, 600	5 percent on \$1,500; 10 percent on rest plus under-age penalty. <sup>3</sup>	\$285 to \$900..	50	1, 800
Oct. 1, 1956-Oct. 10, 1962----	3, 600	2½ percent on \$2,400; 10 percent on rest.	\$180-----	50	1, 800
Since Oct. 11, 1962-----	3, 600	2½ percent on \$3,600; 10 percent on rest.	\$90-----	55	1, 980

<sup>1</sup> Earned annuity is amount retiree would now receive if he had not elected a reduced annuity, and includes increases received since retirement.

<sup>2</sup> Each married retiree before Apr. 1, 1948, was awarded a gratuitous survivor annuity for his spouse in the amount of half his annuity on Mar. 31, 1948, not to exceed \$600. In example, retiree received \$1,200 on Mar. 31, 1948, and original survivor annuity was \$600. Retiree received increases in 1952, 1955, 1958, 1963, and 1965. Survivor annuity increased in 1958, 1963, and 1965. This example represents maximum survivor annuity in this group.

<sup>3</sup> Underage penalty from Apr. 1, 1948, to Sept. 30, 1956, was additional annuity reduction of three-fourths of 1 percent for each year spouse was under age 60, with total reduction limited to 25 percent.

NOTE.—Not included in above table are the relatively few cases of retirees choosing joint and survivor annuities as permitted in the law between Aug. 4, 1939, and Apr. 1, 1948, provided that the actuarial value of the combined annuities was the same as that of an unreduced annuity for the retiree. An example is the case of a man retiring at age 65, with a wife aged 60, who elected a joint and survivor annuity with the survivor annuity equal to half of his annuity. At these ages, the joint annuity for his lifetime was calculated at 78.64 percent of his unreduced annuity, and the survivor annuity 50 percent of his reduced annuity. If his maximum earned annuity at time of retirement was \$2,400, his joint lifetime annuity would have been \$158, and the survivor annuity would have been \$79. There are estimated to be less than 400 of these joint and survivor annuities still on the retirement rolls.

The CHAIRMAN. Thank you again for appearing before the committee.

Our next witness is Michael J. Cullen, president of the National Association of Special Delivery Messengers.

If you will come forward we will be happy to receive your statement.

#### STATEMENT OF MICHAEL J. CULLEN, PRESIDENT, THE NATIONAL ASSOCIATION OF SPECIAL DELIVERY MESSENGERS

Mr. CULLEN. Mr. Chairman, my name is Michael J. Cullen. I am president of the National Association of Special Delivery Messengers, an organization affiliated with the AFL-CIO. This association has been accorded exclusive recognition by the Post Office Department for the special delivery messenger craft.

I appreciate the opportunity to appear before this committee to express the support of the members of my union for the provisions of H.R. 14122.



Last year we witnessed the abandonment "until next year" of the principle of comparability. We accepted the 3.6-percent increase as "all that could be obtained at that time." Now, the administration's proposal of 1 to 4.5 percent allegedly substituting guidelines for comparability inconsistently tries to achieve greater comparability for those in the higher levels. If the principle of comparability has been forsaken, in justice, any increase granted should be across the board as provided in H.R. 14122.

The administration proposal of 3.2 percent is equated on the BLS figures for the reference period ending March 1965. Yet, an effective date of January 1, 1967, has been requested. This date would further compound the inequality of increases to Federal and postal employees, and those employees in the private sector. The rising cost of living emphasizes the need of the employees in the lower levels for at least the same percentage increase as is granted to the employees in the higher levels.

We deeply appreciate the sentiments expressed by several members of the committee for the July 1, 1966, effective date and the recognition of the need of the lower salaried employee for a salary increase to meet rising costs of food, clothing, and shelter.

We ask your support of the provisions in the House bill for mandatory increases in the uniform allowance. Last October, our people rejoiced that after 10 years a \$25 increase in the \$100 uniform allowance had been voted by Congress. Much to our chagrin, the Post Office Department stated that this \$25 would be subject to negotiations. This is the first time, to my knowledge, that the Department has tried to negotiate provisions of legislation with employee organizations.

It was our belief that this was not the intent of Congress and we declined to negotiate on this matter. We are pleased that the House confirmed our opinion on this subject and we solicit this committee's favorable consideration of the provision for uniform allowances in H.R. 14122.

The Post Office Department witness endorsed as a matter of equity the provision in the House bill for an increase in the automotive equipment maintenance allowance for special delivery messengers. The current rate, established in 1948, is 0.07 cents a mile or 90 cents an hour. H.R. 14122 increases this allowance to 10 cents a mile or \$1.25 an hour. We trust that this committee will retain this provision as a matter of corrective justice.

The members of this association have long sought the right to optional retirement with 30 years' service and 55 years of age. We favor the provision of H.R. 14122 which permits this and extends the privilege to employees with 20 years of service who have attained 60 years of age. We believe that this option should be exercised only by the employee. We also favor the provision to recompute annuities of those who retired between April 1, 1948, and October 10, 1962, to accord these former employees the benefits of Public Law 87-793 and to provide survivorship annuity of 55 percent. We endorse the provision of the House bill to increase the Government's contribution to the cost of health benefits in one phase. We believe that this is a catchup matter and should be outside the guidelines.

We also support proposals to provide minimum social security benefits for short-term Federal postal employees and their families.

Since this is a matter of putting these employees on an equal basis with employees in the private sector we believe that the cost of this benefit should also be considered as outside the guidelines.

At this time we would like to express our appreciation to the members of this committee for their action in liberalizing the life insurance coverage of postal and Federal employees. We hope that the House will concur on this legislation.

Mr. Chairman and members of the committee, the members of this association are grateful for the genuine concern you have demonstrated over the years for our problems and our needs. We are confident that, in this instance, our requests will receive the same judicial consideration.

The CHAIRMAN. Thank you very much, Mr. Cullen, for your very comprehensive statement on the entire bill, particularly as it provides for special delivery messengers.

Are you graded as a postal service 4, 5, or what?

Mr. CULLEN. We are in level 4.

The CHAIRMAN. The same as letter carriers?

Mr. CULLEN. That is right.

The CHAIRMAN. The only difference is the motorized equipment allowance for the job of providing this special service?

Mr. CULLEN. That is right. And, just as a matter of clarification, the members of our organization only use their vehicles on a standby basis; that is, when the Government doesn't have equipment to furnish. When the post office does have equipment they generally furnish it so this would be more or less on a standby basis. In most instances our people will not be using their vehicles.

The CHAIRMAN. In most instances they use their own cars?

Mr. CULLEN. No; in most instances they use Government vehicles.

The CHAIRMAN. The allowance where they furnish their own equipment is 7 cents a mile or 90 cents an hour?

Mr. CULLEN. That is right.

The CHAIRMAN. That doesn't become operative with most because the Post Office furnishes the equipment?

Mr. CULLEN. Until 1948 most furnished their own vehicles but after that the Post Office Department started furnishing vehicles.

The CHAIRMAN. What percent of service is carried on in Government-furnished equipment?

Mr. CULLEN. I don't have figures, but I would say about 85 to 90 percent. Actually, the cost of this item is only \$300,000, this additional increase, so that would give you an idea of the relative significance of the whole picture.

The CHAIRMAN. It is completely different from rural letter carriers who furnish their own equipment.

Mr. CULLEN. That is right.

The CHAIRMAN. Are most of your members young men?

The CHAIRMAN. Are most of your members young men starting out?

Mr. CULLEN. The greater percentage I would say are in their early years. They are younger men.

The CHAIRMAN. We thank you very much for your appearance here, and your testimony. And while other members were compelled by other conflicts to be absent, I know they will give careful attention to your testimony.

Mr. CULLEN. I am sure of that.



The CHAIRMAN. Thank you, sir.

We will recess our hearings until tomorrow morning at 10 o'clock. A list of witnesses to be heard tomorrow morning is available at the door.

The chairman regrets that it is necessary to attend another committee tomorrow and another Senator of the committee, Senator Jennings Randolph, will preside.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12 o'clock noon, the committee recessed, to reconvene at 10 a.m., Wednesday, April 27, 1966.)





# THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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WEDNESDAY, APRIL 27, 1966

U.S. SENATE,  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,  
*Washington, D.C.*

The committee met at 10:15 a.m., pursuant to recess in room 6202, New Senate Office Building, Senator Frank Carlson presiding.

Present: Senators Randolph, Hartke, and Carlson.

Present also: John M. Burzio, staff director; David Minton, general counsel; and Frank A. Paschal, Le Grand A. Rouse II, Hugh B. Key II, professional staff members.

Senator CARLSON. The committee will come to order.

This morning we are continuing our hearings on H.R. 14122, the Federal Salary and Fringe Benefits Act of 1966.

Our first witness is a former colleague and Chairman of the U.S. Civil Service Commission, Mr. Robert Ramspeck. Mr. Ramspeck is the chief consultant of the Federal Professional Association.

Please come forward, Mr. Ramspeck, and proceed as you wish.

**HON. ROBERT RAMSPECK, CHIEF CONSULTANT, FEDERAL PROFESSIONAL ASSOCIATION; ACCOMPANIED BY VINCENT E. JAY, EXECUTIVE VICE PRESIDENT AND LEGISLATIVE DIRECTOR**

Senator CARLSON. Before you proceed I want to say personally it has been a pleasure to have been associated with you on the House side and since our leaving that great body for many years since. It is always a pleasure.

Mr. RAMSPECK. Thank you. I reciprocate those remarks. I have associated with many people over there and you are one of the best.

Mr. Vincent E. Jay would like to say a few words before I read our statement.

Senator CARLSON. You may proceed.

Mr. JAY. Mr. Chairman, the Federal Professional Association has relinquished its opportunity to testify on various aspects of this bill in order to cooperate and work with a number of other professional societies who are very much interested in this question of comparability. I would seek your indulgence to identify the number of organizations that we represent today and introduce their representatives.

Senator CARLSON. You may proceed.

Mr. JAY. There are 15 organizations represented with a total of approximately 258,000 members.

First, Air Traffic Controllers Association, represented by General Counsel James D. Hill and Executive Director, Clifford P. Burton.

The American Nurses Association, represented by Miss Julia Thompson, director of the Washington office.

Senator CARLSON. If you don't mind, I would like to say that lady is a Kansas girl and I have known her for many years.

Mr. JAY. Association of Engineers and Scientists, Bureau of Naval Weapons, Mr. Carl O'Mara, past president and representative.

Association of Senior Engineers of the Bureau of Ships, Mr. Ralph Lacy, president.

Federal Government Accountants Association, Mr. David Newman, president, was unable to be here.

Federal Plant Quarantine Inspectors National Association, the president, Mr. Ernest B. Lee, is also unable to be here.

Federal Professional Association, represented by Mr. Ramspeck and myself.

National Association of Naval Technical Supervisors, Mr. H. F. Bennett, president, was not able to be here.

National Society of Professional Engineers, represented by Mr. Paul Robbins, executive director, was unable to be here.

National Association of Federal Veterinarians, represented by Dr. Milton J. Tillery, president.

National Association of Federal-State Employees, Mr. Albert B. Foster, president, was unable to be here.

National Association of Government Engineers, Mr. Leonard T. Crook, vice president should arrive very soon.

Organization of Federal Employees of the U.S. Department of Agriculture, represented by Mr. W. W. Pate, executive vice president, Mr. Dillard Lassiter, the legislative counsel, and O. Chris Henderson, executive director.

The Patent Office Society, represented by Mr. Davis T. Moorhead, president, and Mr. Mark Newman.

Federal Tobacco Inspectors Mutual Association, Mr. Carl T. Fonshee, president, was not able to attend.

Senator CARLSON. I just wish to state that you have certainly substantial support for your position. I do not know what it is going to be but I shall listen with great interest. These are very influential people, I assure you.

Mr. JAY. Thank you.

Mr. RAMSPECK. Mr. Chairman, this statement which I am presenting has been mutually agreed upon by all of the organizations, the names of which Mr. Jay has given you.

The President stated what we believe to be a critical need when he signed the Government Employees Salary Reform Act of 1964. He said:

America's challenges cannot be met in this modern world by mediocrity at any level, public or private. All through our society we must search for brilliance, welcome genius, strive for excellence.

There has never been a time when this was as important as it is today.

We are faced with change in every phase of our lives which can be used for the benefit of all only by those who have the competence. The Federal Government is getting immersed more and more in meeting this challenge. These demands will no doubt require to an increasing extent the best workers, thinkers, planners, and managers.



During the depression of the 1930's the Federal Government had very little competition for the services of the more brilliant college graduates. Federal jobs were sought by the most competent. This "favorable balance of trade" in the employment of professionals has been reversed.

The States now successfully bid for the services of the better qualified Federal employee. There is included in the first item of the supplement to this statement the cases of two highly competent veterinarians who transferred to State positions at salary equivalents to two and three grades above that received in the Federal service.

There is a trend toward the loss of the younger and more recently trained professional personnel. One division doing important research for many of the Government's new programs suffered heavy losses in personnel during a recent 2-year period. The critical issue in this loss was that almost one-half were from the 30-to-34-year age group. See second item of the supplement.

There are many facets to the Federal pay needs. One is the practice of the Federal official having to work closely with his counterpart in industry as well as in the State and local governments. Another is where the professional requirements are the same as in the non-Federal sector, such as nursing. Actually the Federal nurse is better paid than her counterpart in non-Federal employment. Although the Federal Government has taken the lead in setting the nurses' salary rates they are still insufficient to attract the required number of competent people. See the third item of the supplement.

Pay comparability with the private sector of our economy is one of the more progressive ideas initiated in recent years. But we do not now have pay comparability. The greatest disparity is where it is needed most if this Federal service is to have the brilliance, the genius, and excellence which the President says we must have to meet the demands of the future.

The administration first proposed pay comparability in 1961. It became law in 1962 and has been reaffirmed by both Congress and the administration as late as last year. It made sense. It had the full support of both employees and managers. True comparability had not yet been achieved but it was understood to be a real goal—gradually we would progress until it was finally realized. Once this was done, a means of periodic review would be used to make adjustments as conditions indicated.

Now, in 1966 two conditions arise to hamper progress toward this goal of comparability. The first is the administration's economic guidelines. These we accept as necessary and in the public interest. The second condition is an apparent change in attitude on the part of some toward pay comparability. The simple truth is that, even more than comparability has been reached in the lower grades. So the leaders of the large employee organizations, having nothing to gain from it, feel free to use their time on other needs for their members.

These conditions make pay comparability even more important than before to the Federal professional career employee. In numbers these top-level career professionals are very much in the minority—about 10 percent of the Federal work force. But they probably provide as much as 90 percent of the leadership, the technical scientific and managerial skills that are so essential in the proper planning and administration of the new as well as the continuing Government services.

It is in the supply of these top 10 percent that the Federal Government is most vulnerable. The problem is aggravated by serious shortages of many types of specialized personnel. Every manpower study made in recent years has emphasized this and warned that the situation would get worse before any real improvement would be possible. A graph with its explanation in the supplement to this statement, "Government and Industry Salaries for B.S. Graduates in Science and Engineering," shows a leveling off of salaries offered college graduates; an increasing disparity between the salaries at the entrance levels; and a resulting shortage in needed recruits. Is it not from these new recruits that this Government must get its future top professionals? The opportunity for advancement is also of concern to these young, freshly trained personnel who will be expected to provide the brilliance, genius, and excellence which is so essential to meeting the needs of a great republic in a changing world.

In conclusion, if the Federal Government is to recruit and retain a reasonable share of the limited supply of top quality administrative, scientific, and technical personnel required to adequately carry on its work, it must do everything in its power to make a Federal civil service career attractive. Pay comparability is a basic element of this process.

MR. RAMSPECK. I am not going to take the time to read the supplement but I call your attention to it, especially at the top of page 2 of the supplement where you see the figures showing the distribution of employees voluntarily separated between August of 1963 and November of 1965 by age group. It shows we lost a total of 74 in one division of one agency, and most of them are in the age group from 30 to 34; in fact, practically half of them.

The information in this supplement I think is something that will be helpful to the committee in deciding what they are going to do about this pay bill.

I would like to say something else about this on my own based upon my own experience, which as you know, encompassed more than 16 years in the House and 2 years practically as Chairman of the Civil Service Commission. Also, since I left the Congress in 1946, I have had some business experience which has been informative to me and which I think emphasizes the points we have tried to make in this statement.

Management is the key to success in any operation. That is true in Government and true in private business. I was for 9 years connected with Eastern Airlines, as you gentlemen know. The company got too big for the management it had and 3 years ago they brought in new management. The company today is a profitable operation but it was not for the 5 years preceding this.

It is all due to better management and I earnestly believe, gentlemen, that if we had the best possible management in this Government without reducing the services of the Government one iota, we could save billions of dollars. It is the question of leadership. No army was ever any good without good officers and leaders and no civilian operation is any good without it having the management and know-how and determination to bring it about.

I am not here to criticize the organizations which represent the rank and file of the Government. They are well led by capable men and they do a good job for their members but, of course, they concentrate



on getting all they can for those they represent. They must do that because they are democratic organizations controlled by the rank and file, but if this Government continues to neglect the scientific, the professional, and managerial forces in the Government, it will cost the taxpayers of this country billions of dollars and may result in serious consequences to the freedom of our people.

I realize you gentlemen have a tough situation. Pressure comes from the rank and file and the cost is a thing you have to consider but I do urge you to consider in all sincerity that Congress promised comparability. It has not been achieved except in some of the lower grades but the bill as passed by the House takes it further away from comparability of the people represented by the organizations for which I have spoken this morning.

I want to thank you for giving us this time to present our point of view and I hope it will be carefully considered.

Senator CARLSON. I would urge Mr. Randolph, our chairman, to come over and after he has completed, I have a few comments.

Senator RANDOLPH (presiding). I am sure both Senator Carlson and I recall with pleasure our 10-year effort with you in the House, Mr. Ramspeck.

Mr. RAMSPECK. Thank you.

Senator RANDOLPH. I am going to ask Senator Carlson to proceed with his questions and observations and then I will have the opportunity to comment.

Senator CARLSON. I really do not intend to ask any questions. I do appreciate this fine statement and agree with every word stated here this morning for the need of top personnel in the Federal and administrative branches of our Government.

We passed this bill last year, but indications are we will not do it again. We have not increased the salaries of top people. We are limited to the amount of money. Someone comes up and says, "You have so many dollars." That is what it is going to be and we begin to wonder if we are going to shift around on 2.85. I am for comparability.

We helped write it in the law and we should, some day, really write comparability as you suggest this morning. I cannot think of anything that would be better for our Government.

I appreciate your statement.

Mr. RAMSPECK. Thank you, Senator.

Senator RANDOLPH. Thank you, Senator Carlson.

Representative Ramspeck, we would hope we can always use that terminology, and thank you, Mr. Jay. We have been helped by the testimony in the hearing on H.R. 14122 this morning.

This is essentially what you were advocating when you were before the committee on the pay bill last year.

Mr. RAMSPECK. That is correct, Senator Randolph. I think I told the committee last year I got interested in this situation when they were organizing the Federal Professional Association. I have acted as consultant for them from time to time and because I believe so strongly that what this Government needs is better management, that is based on my experience in the Congress and dealing with personnel problems and as Chairman of the Civil Service Commission.

We must have leadership. We have too many people in this Government in positions of supervisory operations who just drift with the

tide. They don't actually supervise and one reason for that is that the better people are siphoned out of the Government by corporations, by trade associations.

When I left the Congress, I went to a trade association and I found when I got there most of the people—we had about 100 employees—were people who had been in the Federal Government and the president of that organization started his career in Washington in the Treasury Department. He now makes more money, and he earns it. He is worth it. He makes more money than Cabinet officers do.

So if we do not solve this problem, in my opinion, Government is going to be a less efficient Government and its costs us money. It costs a lot of money.

I am not competent to judge the decisions made by the Secretary of Defense on technical matters but I am firmly convinced he has saved the taxpayers and citizens of this country billions of dollars because he brought into that big agency that expends half of the budget, methods of management which have saved us a lot of money and I would like to see the rest of the Government operated as efficiently as I think he is operating that, as far as the day-to-day operations are concerned.

I don't attempt to pass judgment on whether he should have bombers or not, but I admire his capability as a manager.

One other point in this bill which I would like to say something personally about and not representing these people—Senator Randolph will remember once the House committee sponsored a bill, which the Senate accepted, giving the Government an option to retire any employees with a 30 years' service who has reached age 60 and giving an employee from 60 to 70 a 30-year retirement option. I have not seen any indication that Government has abused that right while it was in effect.

I do, again, in all sincerity, say there is no more important question before this Congress than doing something to make it possible for this Government to get and keep all the help it can in engineering, technical, and managerial help.

Thank you.

SENATOR RANDOLPH. We are helped, as always, by the contribution and constructive nature which Mr. Ramspeck and those associated with him bring for our consideration.

**STATEMENT OF ASHBY G. SMITH, PRESIDENT, NATIONAL ALLIANCE OF POSTAL AND FEDERAL EMPLOYEES, ACCOMPANIED BY WYATT G. WILLIAMS, NATIONAL VICE PRESIDENT; AND J. LEON HENDERSON, ADMINISTRATIVE ASSISTANT**

SENATOR RANDOLPH. Mr. Smith, will you come forward and I think it would be helpful if you would introduce the two persons with you and proceed as you desire.

MR. SMITH. On my right is Mr. Wyatt Williams, our national vice president, and on my left is Mr. Henderson, our administrative assistant.

My name is Ashby Smith. I am president of the National Alliance of Postal and Federal Employees, an industrially organized union of Federal employees with 110 branches. We maintain offices in our own building at 1644 11th Street NW., Washington, D.C.



Mr. Chairman, on behalf of our more than 32,000 members, I wish to thank this committee for the opportunity you have given us to appear before you to give our views on Federal pay and benefit proposals now before you.

In 1965 we received pay provisions that were so patently inadequate that even you, their proponents, apologized for supporting them. These provisions were admitted to be woefully inadequate, not only in terms of what the Federal employees need and deserve, but also in terms of Congress and the administration's 1962 commitments to the principle of comparability.

The October 22, 1965, debate in the Senate was replete with these apologies and the promises that adequate adjustments would be made next year. The guiding principle to which both bodies of this Congress still paid homage in the first session of this Congress, was comparability of Federal salaries with the salaries of persons doing like or near-like work in private industry.

This principle was adopted in 1962. As early as 1960 in a pay-raise effort this union introduced, at a hearing of this committee, the concept that the pay received by Federal employees must bear some significant relationship to the growth of the Nation's economy and to the employees' contribution to that growth. We have not retreated from that position.

In our 1962 appearance before this committee we documented the manner in which the salary of the postal worker had deteriorated, vis-a-vis the salary and wages of other workers in our economy, between the years 1935-59.

We demonstrated the 1950-60 lag in postal salaries as against the increase in every significant economic indicator. During this period the gross national income increased 72.6 percent, gross national product 76 percent, Nation's disposable income 70.5 percent, and per capita consumption expenditure 41.6 percent. At the same time the salary of postal employees advanced only 28 percent.

This means that during that decade the share of the Nation's goods which were within the reach of the postal employee, was actually diminishing, his economic status in our society was being eroded. This, as we pointed out, was occurring at a time when the value of the mail service to our national economy was increasing, when the mail volume was, to use a post-1960 term, escalating, when business mailing was becoming a vastly predominant part of total mailing, when population growth and the emergence of sprawling suburban areas created new complexities in the distribution and delivery of mail.

If this, in 1962, was the position of the postal employee, the classified employees of the Federal Government, enjoying only the after-benefits of the hard-won gains achieved by the postal unions, were in an even more pathetic condition.

As a result of our 1962 study, the National Alliance of Postal Employees embraced the principle of comparability proposed by a friendly administration and approved by a friendly Congress. Taking cognizance of the years in which Federal salaries had deteriorated, we recommended that for each of the years 1963 and 1964, salaries be increased by 7 percent, plus those years' accretion of industry's wage pattern changes. This, we contended, would bring the Federal worker up to the starting line, even with our fellow workers in non-Federal jobs.

This is our understanding of what comparability means. This is what it should be today, comparability not with what was but with what is. We recognize the interim that occurs during the time figures are gathered, interpreted, tabulated, published, and the time that legislation based on those figures can be enacted, but if we are really serious about achieving comparability, there is no reason why a projection of wage trends could not be made in determining today's salaries on the basis of day before yesterday's figures.

This same type of projection is made by the administration when a budget message is sent to Congress. Appropriation bills are passed based on a projection of this year's tax yield into next year's income from taxes.

Unless some projection of this sort is adopted we will, even in the absence of guidelines, be kept in the backwash of the Nation's economy.

When the principle of comparability was enacted into law in the 1962 pay reform bill, even though our 2-year "catch up" proposal was rejected, we felt some sense of victory for here, we believed we had a rational principle, a workable program that would in 3, or at most 4 years, raise the Federal worker's status to a first-class citizen, economically.

We felt that at last we had escaped the nebulous economic factors, the fuzzy budgetary considerations that had always cropped up in every pay bill session to thwart the legitimate needs of the Federal employee. We believed that every effort would be made to minimize the timelag. We were confident that in using salary scales on which to base our living wage our Government would take into account only those salaries that are above its own accepted poverty level.

We were naive.

If, today, we view comparability with some disenchantment, it is not because we are convinced that it is a less viable concept than we thought. It is only that we have discovered that in operation the concept can be delayed, perverted and, if the occasion arises, ignored.

The picture we drew in our 1962 statement is not foreign to our present situation. After our first brave 1962 step in catching up with the economic growth of the Nation, the lag set in. In 1965 the lower House of Congress courageously and wisely enacted a meaningful bill with hope for the future. The fate suffered by this bill from an adjourning Senate, faced with an administration edict, is history. Out of the first session of this Congress came an inadequate salary bill and fervent promises that 1966 would be the year of justice.

Now, in 1966, the Federal worker is again being urged to accept a token raise; to wait another year for his just desserts.

Nowhere is it better illustrated that justice delayed is justice denied. Even as the Federal employee await tomorrow's increase, he must buy in today's marketplace. With an adequate wage just a hope, his grocery bill mounts, the mortgage on his home must be paid, his babies are born, the decision as to whether his children can enter college must be made. In valiant attempt to meet these obligations, he diminishes his value to his Government on his primary job as he diverts strength and interest into a second job, or "moonlighting."

Although he is a citizen of and a servant of a nation that is enjoying its greatest period of prosperity, he is told that he may not share equitably in the growth of that prosperity lest justice to him would



trigger a wave of inflation that will result in the collapse of our national economy.

Senator RANDOLPH. Mr. Smith, I am sure you would want the chairman to present to the members of the committee, and to our guests, Miss Ruth Bradford, a teacher in the Princeton Elementary School in Prince Georges County, Md. She is here this morning with boys and girls of that school. I am sure Senator Carlson and I would want to be recorded in the record here as saying that we must not forget that what we do we must do with the thought of building a better land.

When I was the age of these children, the schools did not organize these groups to come to Washington as they do now. Transportation was a matter of concern. I am always helped when young people come to my office and talk with me.

Senator CARLSON. I would like to concur in the statement you made about the fine boys and girls and the teacher visiting the Capitol this morning. I come from Kansas, in the geographical center of the United States, and we have already had 1,500 junior and senior high school students from our State. I think it is great and we are delighted.

Senator RANDOLPH. Mr. Smith, you may continue.

Mr. SMITH. Mr. Chairman, my economist friends tell me that the danger of inflation exists only when the increase in the productivity of the worker is less than the increase in his pay. On this basis, at least one large section of the Federal labor force—the postal employee—can document his case.

We draw from the Post Office Department's annual reports the figures that show a 17.3-percent increase in the number of pieces of mail handled between 1963–65. This increase load was handled by a work force that rose by only 1.3 percent. Even admitting the role that mechanization played in the increased efficiency, we still see the 1965 postal worker as a much improved producer. This is certainly true of all classes of Federal workers.

We have the word of this administration's Secretary of Treasury that the overall Federal budget in the 1965–67 fiscal years will rise only from 14.9 percent to 15 percent of our gross national product.

In a speech before the Economic Club of Detroit, Secretary Fowler said, referring to the state of the national economy, "It does not require drastic taxation, direct price and wage controls, and the disturbing paraphernalia of conversion to war that marked World War II and the Korean War."

In any case, it is ridiculous to assert that it is the Federal employees, this less than 4 percent of the Nation's work force, who must stand with their finger in the hole in the dike to prevent national inflation, while the remainder of the Nation's employees, the employers, interest drawers, coupon-clippers, bonus-collectors, and dividend-dividers continue to enjoy the fruits of our national growth.

In this era of voluntary adherence to arbitrarily assessed wage and price guidelines, we, the Federal employees are denied even the privilege of volunteering.

We find ourselves in the position of the slowest of the speed-law violators. When arrested, he points out that many motorists were going faster than he was only to be told by the policeman, "Yes, but you are the one I have caught."

Unless you of the committee approve and the Congress passes legislation that improves considerably upon the proposals of the administration, the Federal employees are the ones who, in 1966, are caught and we are certainly not speeding.

I forgo the citing of statistics. Figures galore have been placed in the records of this hearing, figures showing the growth of our gross national product, the increase in gross national income, charts showing profits after taxes that giant, and some not so giant, corporations are reaping and graphs showing how Federal salaries are dropping below non-Federal salaries that they formerly surpassed.

The picture is one of an uncontrolled economy. In such an economy it is, in my opinion, unconscionable to insist that the income of the Federal employees be placed in a 3% wage plus benefits strait-jacket.

Gentlemen, this is 1966 and we are here asking for a redemption of last October's promissory note.

In the light of the foregoing analysis of the situation in which the 1966 Federal employee finds himself or herself, we submit the following proposals which, in justice to these employees, should be passed by this second session of the 89th Congress and signed into law by the President:

(1) A salary raise that will achieve full 1966 comparability for employees at every level of both the classified and postal services. An across-the-board raise will fall far short of this objective.

I would like to say, while I didn't agree with former Congressman Ramspeck, that comparability has been reached at any level, we are in full agreement that it should be continued and if we believe in comparability we should believe in comparability for people at the highest levels of Government as well as the lowest level of Government and I am convinced, as he said, that we are all too often for these people serving as training grounds for industry.

We get them in the Government and train them and don't provide the proper incentive for Government and are training them for outside industry.

This raise, which figures indicate, should start at a minimum of 7 percent, should be retroactive to January 1, 1966.

(2) Full time and a half pay for all time worked by both annual and hourly rate employees beyond 8 hours in 1 day or 40 hours in 1 week; also for all Sunday work.

(3) Optional retirement at full pension after 30 years of service regardless of age. Option to be exercised only by employee.

(4) Retirement at 60 years with 20 years service.

(5) Extension of overtime pay to all civil service employees regardless of levels.

(6) Favorable consideration of H.R. 11879, H.R. 10245 and H.R. 12129 containing provisions liberalizing Federal Employees Group Life Insurance. We propose that the Government pay half the cost of this program's premium.

We further propose that Congress provide for the continuation of the present practices whereby Federal employee union officers on leave retain their life insurance policies by returning to work 1 day of the year.

(7) We call your attention to a defect in section 406 of the House passed bill. Under this bill, officers and employees of Federal employee unions on leave without pay will be permitted to continue their Federal health benefit plan by paying the total premium on the plan.



We commend this provision, but we point out that union officers and employees who, faced with the alternative of returning to work for 4 months or having their participation in the plan terminated, have been forced to obtain individual coverage inferior to that provided by their former plan and at a higher cost.

We ask that in your consideration of section 406 of H.R. 14122 that provisions be made to extend the benefits of this section to this group of union officers and employees.

(8) From Chairman Macy's statement of the administration's position, we approve the plan for improved financing and funding of the civil service retirement system. It is long overdue.

We cannot agree that the share of the employee's contribution to the retirement fund should be increased thereby diluting the already meager take-home pay increase proposed by the administration just because the Government, after years of no payments, now agrees to ante up.

We join with other unions in urging that this committee take a hard look at the manner in which the uniform allowance provision in the 1965 law is being administered and issue directives to non-conforming agencies.

Finally, because Congress has the responsibility for fixing salaries and wages for Federal employees, a responsibility which it dare not abdicate to any other branch of the Government, we respectfully suggest that, before abandoning the principle of comparability, a study be made to see if the salary criteria can be adjusted and the time lag shortened so as to make comparability an instrument of justice to the Federal employee instead of the torture chamber of frustration that it threatens to become.

Again, we thank you for this opportunity to appear before you and express our views on the important issues with which your committee has to deal. We sincerely hope that this statement will assist you in your deliberations. We are certain that you share with us the desire to produce and enact a bill that will do justice to all Federal employees.

Senator RANDOLPH. Mr. Smith, to you and Mr. Williams and Mr. Henderson, we are grateful for the preparation and presentation of this testimony. If there is one sentence which I want to completely agree with in your statement, it is the last. "We are certain that you share with us the desire to produce and enact a bill that will do justice to all Federal employees."

I would not want to be derelict in my duty in the matter of paying increases to all employees.

Your very excellent statement will be helpful, I am sure, to members of the committee who are not present to hear it as Senator Carlson and I have been privileged to hear it.

Senator CARLSON. I wish to commend Mr. Smith in behalf of the 32,000 members of the National Alliance of Postal and Federal Employees. It is a statement that contains much material and information.

As a matter of fact, I helped write the comparability provision in the 1962 act and have been greatly disappointed we have not been able to carry it out and wish I could offer hope we are going to do it this year. That is my personal feeling and I will not be happy until we do.

I appreciate, so much, your appearance this morning.  
 Senator RANDOLPH. Thank you, gentlemen.  
 Mr. Brady, will you come forward?

**STATEMENT OF JOHN G. BRADY, LEGISLATIVE CHAIRMAN,  
 NATIONAL ASSOCIATION OF INTERNAL REVENUE EMPLOYEES,  
 ACCOMPANIED BY GEORGE BURSACH, EXECUTIVE SECRETARY-  
 TREASURER**

MR. BRADY. Mr. Chairman, I am accompanied on my right by Mr. George Bursach, executive president of our association.

Mr. Chairman, I have a seven-page brief and would like your permission to place it in the record.

Senator RANDOLPH. Without objection, and I know you will comment on the points you believe should be stressed.

(The document follows:)

Mr. Chairman and members of the committee, Mr. Bursach and I appreciate the opportunity to present our association's views on the 1966 proposals for Federal employee pay and benefits.

We fully support the President's comments of May 12, 1965, when he said " \* \* equal pay for substantially equal work, and pay distinctions in keeping with work and performance distinctions; and salary rates comparable with private enterprise salary rates for the same levels of work." Also his concern for the "dignity, opportunity, and profound personal achievement in the public service as a profession." Also the President's comment on March 7, 1966, "among the many blessings which Americans can count is a corps of Federal civil servants that is unequaled anywhere in the world. Honest, intelligent, efficient, and—above all—dedicated, these men and women represent a national resource and a national asset.

"America expects much of these public servants. We have made vigorous demands on their time and energy. We have exacted from their high standards of work and conduct."

Thank you very much, Mr. President. We in the Internal Revenue appreciate these kind comments.

Mr. Chairman, we in the Service also appreciate your kindness and understanding of our services to the public. And, I might add, you will always be able to depend on our 59,000 Internal Revenue employees to do dedicated work.

**1. ADJUSTMENT OF STATUTORY SALARY SCHEDULES**

Our organization fully agrees with the four paramount principles as outlined in the last session regarding pay structure.

1. To reaffirm the commitment of the Congress to the policy of adjusting the civilian career salary systems of the Federal Government in accordance with the principle of comparability enacted into law in the Federal Salary Reform Act of 1962.

2. To establish a new, consistent, and rational salary structure for positions of the highest level in the Federal Government in the legislative, executive, and judicial branches.

3. To provide a logical and appropriate relationship between career salaries paid under the four civilian statutory pay systems and compensation for top positions in the three branches.

4. To adopt a salary structure designed to meet the present-day needs of the Federal Government, the most important of which is obtaining and retaining personnel of the highest caliber at every level, without imposing upon any officer or employee a degree of financial sacrifice inconsistent with the principles of democratic government.

\* \* \* \* \*

Will Federal employees pay for Vietnam and the Great Society?

This may appear to be an unusual question, but let us examine its implication.

Without a doubt an employee of the Federal Government is as willing as any citizen in the United States to contribute his support not only to our fighting men in Vietnam but also to the underprivileged and less fortunate in this country.



However, it seems unreasonable to assess Federal employees over and above other citizens in order to do this. You may ask, "How are the Federal employees paying any more than everybody else?" This can be answered very simply. They are being underpaid for services rendered. Accordingly, every year that the comparability feature in the Federal pay bills is postponed, the employee, in effect, is paying over and above his or her share toward the operation of the Federal Government and its program.

Mr. Chairman, we would like the Congress to give us comparability this year. I note the pay of the White House assistants was raised from \$28,500 to \$30,000. This would amount to a 5/4-percent raise.

#### AGENT'S VIEW COST OF LIVING

We require our new employees to possess educational skills of a nature which would command higher salaries in private industry. And we are constantly endeavoring to increase the skills of our experienced personnel, these efforts on a comparable basis with industry. I belong to various professional organizations and on many occasions rub elbows with members of these organizations in the resolution of many problems that require the utilization of professional know-how. Yet I cannot compete with their way of social life due to the lack of salary equalization commensurate with the ability which I am expected to possess.

Inasmuch as we are not afforded the opportunity of overtime pay and many of the other fringe benefits of private industry, it is mandatory that the pay scale of employees at least keep pace with that of private industry. Many capable employees either leave the Service or become complacent due to this loss of reward for services rendered.

You are aware of the special requirements placed on us by the code of conduct. Recent surveys indicating that Federal employees were the largest single group engaged in moonlighting are significant. This is a clear demonstration of the need for a salary adjustment. Many are forced to obtain permission to work at two jobs to make ends meet. In this situation we all suffer.

#### RECRUITING NEW AGENTS

Recruiting the past 2 years in colleges and universities to secure top-flight agents has been a problem. Industries' starting salary scales have been above our GS grade structure. Therefore, we have been unable to secure top level college graduates. New employees consider not only the entrance grades, grades 5, 7, and 9, but in addition, look well beyond these to see what Government means in terms of their careers. They are not after large amounts of money. What they are after, it seems to me, is opportunity for useful and dignified service. They expect the Government to be fair (as far as equal pay is concerned) and to be assured on the part of the people they work for that fairness will prevail throughout their career.

There is conclusive evidence, as you gentlemen know, to point out the fact that there is major disparity between what is paid by private enterprise and what is paid by the public to its leadership. We know that there always will be disparity. We know that many of those who come to work for the Government do so because they feel the importance of rendering service. We feel, however, that we must not penalize them for desiring to be of service to their country.

Our organization composed of over 27,000 Internal Revenue employees strongly urges the principle of comparability when you debate the issues covering 1966 pay bill.

#### REVISED TAX TREATMENT OF RETIREMENT BENEFITS

Pensions paid to retired employees are usually taxable compensation, although there have been exceptions. Annuities or pensions paid under the Railroad Retirement Act are not taxable. Payments under the Social Security Act are not taxable to employees or their families. The following unemployment payments are not taxable: unemployment payments made by a State agency out of the Federal unemployment trust fund; payments made to Federal employees during unemployment periods by State or Federal agencies; and unemployment benefits received from a private fund, except to the extent that they exceed the amounts contributed by the recipient member.

Annuities paid to Federal civil service employees are taxable like any other ordinary annuities, as are servicemen's annuity payments.

Our association, at the 27th annual convention, August 23-28, 1965, Washington, D.C., adopted the following recommendation:

## 240 THE FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

### TO EXEMPT FROM INCOME TAX ANNUITIES AND PENSIONS PAID BY THE UNITED STATES TO ITS EMPLOYEES

Whereas social security and railroad retirement pensions are excluded from gross income for income tax purposes; and

Whereas, due to increased cost of living and impaired productive ability, our retired employees are facing difficulty in maintaining a good standard of living: Be it

*Resolved*, That this convention support bills H.R. 1013 and H.R. 1126 now in the Ways and Means Committee of the 89th Congress.

#### FULL ANNUITY AT AGE 55 WITH 30 YEARS OF SERVICE

Our association strongly urges and recommends the enactment of full annuity at age 55 after 30 years of service with certain reservations.

We believe that many of our employees with 30 or more years of service would avail themselves of the opportunity of retiring at an age earlier than now possible, and that 30 years of service is universally accepted as a period of full and complete service.

We would like to comment on Mr. Macy's testimony of March 7, 1966, and I quote, "We now recommend that optional retirement on full annuity be permitted beginning at age 55 after 30 years of service, and that Government, as employer, be allowed to initiate the option for employees at GS-13 and above." Our association has instructed me that we are not in favor of the Government option if they are to use the privilege to retire workers GS-13 and above as a "tool" for personal reasons by management. We feel necessary safeguards should be erected to protect the employee against abuse of this measure.

Mr. Chairman and members of the committee, on behalf of our 27,000 members, my sincere thanks for allowing me the privilege to appear here today.

GEORGE BURSACH,  
*Executive Secretary-Treasurer.*

JOHN G. BRADY,  
*Legislative Chairman.*

Mr. BRADY. Federal taxes, one of the outstanding characteristics of the American tax system is its voluntary nature where each taxpayer has a taxed obligation and makes his payment to the Service. To assure continuation of this, the Service makes studies to ascertain that taxpayers' obligations are properly determined and satisfied and vigorously enforce the laws against those persons who would defraud the Federal Government.

Key people are in these agent positions who must keep pace with collections. Our Service collected last year, during 1965, \$117.684 billion. We have approximately 60,000 employees on the roll.

Now, the cost to collect these dollars runs now around a half cent per dollar. Ten years ago, it was 0.42 or 0.44.

Special note on salaries: The functions of the Federal salary system are to fix salary rates for the services rendered by the Federal employees so as to make possible the employment of persons well qualified to conduct the Government's program and to control expenditures of public funds for special services and deal with equity and fairness to the taxpayer.

This is particularly true of Internal Revenue employees who must maintain the highest integrity in relation to the job and the position.

An employee should receive a fair day's pay for a fair day's work. The Congress affirmed this principle in the past by setting the salaries on a comparable basis to a degree with the salaries paid by private industry for similar work. The committees established by the President to investigate this comparability has reported its findings and determined that salaries paid by private industry were much larger than salaries paid by the Government, especially in management, professional, and scientific grades.



Our association of 27,000 Internal Revenue employees urge your committee to make their salaries comparable to employees in private industry.

Shortage in maintaining Internal Revenue Service employees: The Wall Street Journal of April 14, this year, stated the last minute pressure on the agents is especially severe because there is a shortage of agents. For all its pride and loyalty the Internal Revenue has much trouble recruiting and keeping county tax agents. For one reason, it does not pay as much as private industry.

Starting salaries for agents range from \$6,100 to \$6,200 a year but with the demand in private industry, private concerns have been topping salaries to college graduates, thus causing a shortage in the IRS college recruiting program. The Internal Revenue Service hoped to hire about a thousand new employees in the fiscal year ending June 30, but it is still about a hundred short even though the main source of supply, last June's college graduates, has long since been screened.

Many men who join the Internal Revenue Service look at it as a training ground for high paying jobs. They go through the Internal Revenue tax training course, often said to be the best in the country, and quit after 3 years or so, just when they are beginning to be valuable to the Service.

About 6.6 percent of all Internal Revenue agents, that is 825 agents, left the Service in this last fiscal year—in 1964 it was 5.5. The cost of training, I am checking on that and I would like to furnish it to this committee shortly.

The association recommends July 1, 1966, as the effective date of the pay bill.

Full annuity at age 55 with 30 years of service: Our association has instructed me that we are not in favor of the Government option, if they are to use the privilege of retiring workers as a tool for personal reasons by management. We feel necessary safeguards should be erected to protect the employee.

Mr. Bursach and myself always feel a distinct pleasure in appearing before your committee and I might add the civil service staff is very helpful in accommodating us.

Thank you.

Senator HARTKE (presiding). Mr. Brady, I want to thank you for appearing.

Mr. BURSACH. I would like to join Mr. Brady in expressing our thanks for the opportunity afforded us to appear before this committee. I would like you to know Mr. Brady is a full-time employee of IRS on annual leave and he appears here to represent his fellow employees.

Thank you.

# **STATEMENT OF C. L. DORSON, PRESIDENT, RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES OF THE U.S. GOVERNMENT**

Senator HARTKE. Mr. C. L. Dorson, president of the Retirement Federation of Civil Service Employees of the U.S. Government.

Good morning, sir.

I note from the list that we have seven more witnesses to appear today. I am hopeful, where you can, you will summarize your state-

ment and we will give every consideration to the entire statement and we hope to complete the statements in the earliest possible time.

Mr. DORSON. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, my name is C. L. Dorson. I am president of the Retirement Federation of Civil Service Employees, an organization of approximately 90,000 members, most of whom are currently employed by the U.S. Government.

We are primarily interested in title V, sections 501 through 509 of H.R. 14122 which proposes amendments to, or otherwise affects, the Civil Service Retirement Act. With your permission, we shall address ourselves only to these provisions of the bill.

Briefly, title V of H.R. 14122 would make the following changes in the Civil Services Retirement Act.

(1) Section 502 would amend the definition of the term "child," under section 1(j) so as to permit a child who is a full-time student to continue in receipt of a survivor annuity until he reaches age 22. This would extend the child's annuity for 2 months longer than is possible under current law.

Section 502 would also eliminate the present requirement, under section 1(j), that a surviving child must have received more than one-half of his support from the employee or member, on whose service the child's annuity is based, to qualify for an annuity.

With respect to the amendments to section 1(j) there is one small matter to which we invite your attention. This concerns the period of nonattendance allowed students between semesters. In present law and in section 502 of H.R. 14122, this period is a maximum of 4 calendar months.

H.R. 1746, as reported by this committee and passed by the Senate, increases this period to 5 calendar months. The House of Representatives approved this amendment on Tuesday, April 19, 1966, and cleared the bill for the White House. Therefore, we suggest that H.R. 14122 be amended by substituting "5" in lieu of "4" in line 20 on page 25. The remaining provisions of H.R. 1746 are already incorporated therein.

Senator HARTKE. I might call your attention to the fact the President signed that bill yesterday.

Mr. DORSON. Thank you. I was not aware he had signed it.

(2) Section 503 would amend section 3 so as to permit employees who are, or were, granted leave without pay while serving as an officer or employee of an organization composed primarily of Federal civilian employees, to receive full credit for such leave in the computation of annuities based on their service, provided payment to the retirement fund is made as though they were in a pay status. Presently, no more than 6 months of such leave without pay may be credited in each calendar year.

(3) Section 504 would amend section 6(a) so as to permit employees only to retire at age 55, with 30 or more years of service, without reduction for age. This option is not new. It is presently available to both employees and members who qualify, but the annuity is reduced by one-twelfth of 1 percent for each full month the employee or member is under age 60 on the date of retirement.

This section of H.R. 14122 also proposes an amendment to section 6(b) which would provide employees the option of retiring at age 60 with 20 years' service. This is new for the employee, reducing the



present permissive age by 2 years, but members now have the right to retire at age 60 with only 10 years' service.

Section 504 would, in addition, amend section 6(f) so as to permit Members or former Members completing 25 years' service, or who reach age 50 with 20 years' service or serve in 9 Congresses, to credit service in an office or position in the executive branch of the U.S. Government, including corporations owned or controlled by the Government, as member service. Such service is now creditable for retirement purposes at the rate of 2 percent of average salary. The amendment would provide credit at the rate of 2½ percent of average salary.

(4) Section 505 would amend section 9(c) so as to permit Members and former Members, who serve in an appointive position terminating after March 31, 1966, to use the final salary of the appointive position, rather than the final salary as a Member, as the salary on which the maximum annuity is based.

Section 505 would also amend section 9(d) by providing that the annuity of an employee retiring because he is involuntarily separated shall be reduced by one-sixth of 1 percent for each full month he is under age 55 at date of separation. Presently, the reduction is one-twelfth of 1 percent for each full month the employee is under age 60 plus one-sixth of 1 percent for each full month under age 55 as will continue to be the case for Members retiring for involuntary separation or on a deferred annuity at age 50.

(5) Section 506 would amend sections 10(a)(2) and 10(c) so as to permit the widows and widowers of employees or retired employees to continue in receipt of their survivor annuities if they remarry after reaching age 60. Present law requires that such annuities be terminated upon remarriage at any age, and this would continue in the case of the widow or widower of a Member of Congress.

This section would also add a new subsection (f) to section 10 which would permit the restoration of annuity, to the surviving spouse of an employee or member whose annuity was terminated because of remarriage prior to age 60, if the remarriage is dissolved by death, annulment, or divorce. The restoration of annuity would be subject to the waiving of any survivor benefit, under a retirement system established for employees of the Government, resulting from the remarriage, and repayment of any lump sum paid upon termination of the annuity.

In addition, section 506 would amend section 10(d) so as to provide the following additional annuity benefits for the surviving children of employees and members:

(1) make such annuities subject to automatic increases, based on the Consumer Price Index, under section 18 of the Civil Service Retirement Act.

(2) continue the annuity of a child who is a student to age 22 rather than age 21 as at present.

(3) permit the starting or restoration of annuity to a student-child at any time between ages 18 and 22. Under present law, a child who becomes a student after reaching age 18, or who again becomes a student after termination of his annuity, is not eligible to receive such an annuity.

(4) eliminate the present requirement that a surviving child must have received more than one-half of his support from the employee

or member, on whose service the child's benefit is based, to qualify for an annuity.

#### RECOMPUTATION FOR CERTAIN ANNUITIES

Section 507, while it affects annuities payable under the Civil Service Retirement Act, does not amend that act. It provides that, effective July 1, 1966, the annuity of each employee who retired between April 1, 1948, and October 11, 1962, and elected a reduced annuity in order to provide an annuity for his or her surviving spouse, the annuity of the surviving spouse of such a retired employee, and the annuity of the surviving spouse of each employee who died in service on or after February 29, 1948, and before October 11, 1962, shall be recomputed and paid as if the provisions of present law had been in effect on the date of the employee's retirement or death.

There is no such provision in the current Civil Service Retirement Act and this has resulted in rather meager survivor annuities at very high cost to employees who retired before October 11, 1962. We should add, however, that the provisions of section 507, as we understand them, could produce, in some instances, annuities higher than would be possible under current law for employees who retire from the same position with equal service and their survivors.

#### EFFECTIVE DATES

Section 508 provides that the amendments made by title V, to the Civil Service Retirement Act, shall not apply, except to children under section 1(j), in the cases of persons retired or otherwise separated prior to the date of enactment of H.R. 14122. This would seem to exclude the children of employees or members now retired or otherwise separated from some of the amendments to section 10(d), particularly that provision which will permit the starting or restoration of the student-child's annuity between ages 18 and 22.

If our assumptions are correct, we suggest that sections 508(b) and 508(c) be amended by adding section 10(d) as appropriate in each of these subsections.

Mr. Chairman, as the committee knows, there are many other features of the Civil Service Retirement Act to which amendments have been proposed and which we think merit your attention. However, in recognition of the task before you and existing realities, we endorse the provisions of title V of H.R. 14122, as passed by the House of Representatives, and ask your favorable consideration of them together with the amendments we have proposed.

Mr. Chairman, we are grateful to the members of the committee for their interest and effort in behalf of the Federal Employees and appreciate the opportunity you have provided for the expression of our views.

Senator HARTKE. Thank you, Mr. Dorson, and your suggested amendments will receive consideration. Thank you for your cooperation.

Mr. Davis Moorhead is our next witness and he is accompanied by Mark Newman.



**STATEMENT OF DAVIS T. MOORHEAD, PRESIDENT, PATENT OFFICE SOCIETY, ACCOMPANIED BY MARK NEWMAN, INTERIM CHAIRMAN OF THE LEGISLATIVE COMMITTEE**

Mr. MOORHEAD. Mr. Chairman and members of the committee, I am Davis T. Moorhead, president of the Patent Office Society, and with me is Mark Newman, interim chairman of the legislative committee of the society. We are both on annual leave today.

The Patent Office Society is an organization devoted to the professional development of patent examiners and to the improvement of the U.S. patent system. Over 1,050 examiners and other professionals are members of the society. This represents approximately 90 percent of the total number of professional employees in the Patent Office. However, it may be noted here that these people are at the fountainhead of science and technology dissemination in the United States.

We thank you very much for the opportunity to be heard.

As you know, the U.S. patent system has, this past year, commemorated the 175th anniversary of the Patent Act of 1790. The implementation of the U.S. patent system rests on the shoulders of the Congress of the United States as provided for in article I, section 8 of the Constitution. Congress provides the statutory basis for our examination system, the physical facilities in which we perform our work, and the salary scale by which we are paid. It is with this last subject in mind that we are here today.

In order for the Patent Office to perform the job assigned by Congress, it is the Society's belief that the Office must be able to attract and retain skilled professional help. Patent examiners have degrees in engineering, chemistry, or physics. In addition, most examiners either have a law degree or are pursuing studies towards one.

Our job requires a scientific as well as a legal background.

To attract and retain its professional employees the Patent Office must be able to compete in the open labor market for people who have such scientific and legal disciplines.

Recently, the Patent Office has not been able to effectively compete in this market, mainly because of its salary schedule.

During the past months the Office has not been able to recruit enough technical people to fill the vacancies it now has.

Coupled with this, the Office has an annual turnover rate of 15 percent of its professional staff. Since it takes over 3 years to train an examiner to the point where he is able to perform his tasks without substantial supervision, one can see the enormous problem before the Office.

The annual turnover rate for the Patent Office professional staff by year has been:

Turnover.....	16%	16%	14%	16%
Calendar years.....	1962	1963	1964	1965

Why does the professional staff of the Patent Office leave the Office? One of the significant reasons is economic. When one considers that corporate industry and law firms can hold out to the Patent Office professional staff much greater monetary rewards than the Office can offer, it is not surprising that the Patent Office has the turnover problem it now faces. A recent survey of 1963 incomes of

patent practitioners taken by the American Patent Law Association shows the following salary scale, with which the U.S. Patent Office has to compete.

Years of practice	GS grade and approximate 1965 salary	1963 salaries			
		Corporate		Private practice	
		Median	Mean	Median	Mean
3 years.....	GS-11 \$8,961.....	\$11,250	\$11,385	\$8,900	\$8,822
5 years.....	GS-12 10,619.....	12,000	12,266		9,100
7 years.....	GS-13 12,510.....	14,000	14,050	14,500	16,003
10 years.....	{ GS-13 12,510.....	15,500	16,550	18,200	21,364
	{ GS-14 14,680.....				
15 years.....	{ GS-13 12,510.....	19,000	19,777	24,200	26,432
	{ GS-14 14,680.....				
20 years.....	{ GS-15 17,055.....	19,350	20,661	30,000	32,086
	{ GS-13 12,510.....				
25 years.....	{ GS-14 14,680.....	24,000	24,097	30,000	31,895
	{ GS-15 17,055.....				

This chart clearly shows that present Government salaries are not competitive even when compared with the salaries received by our private industry counterparts 3 years ago. Since the American patent law survey 3 years ago one can reasonably expect that the salaries indicated therein have risen at least by the change in the cost of living.

The late President Kennedy offered to the Congress, several years ago, a plan to raise Government salaries to their comparable industry counterpart. The Congress in the Pay Act of 1962 likewise accepted the plan of comparability. The theory behind this comparability salary plan was to equip the Government in its fight for the skilled worker. The Patent Office Society favors and supports salary comparability.

We would be foolish to appear before you to seek salary increases which match what patent practitioners in industry receive with 20 years' experience. We realize that this is out of the question.

However, we do support the principle of full comparability with the Bureau of Labor Statistics reports on which the comparability feature is based.

We understand that President Johnson's desire is to regulate salaries in direct proportion to productivity of the industry involved. During the 1965 calendar year the number of Patent Office professional examiners has decreased slightly from 1964. But during fiscal 1965 the productivity of the Patent Office increased by 35 percent based upon the number of patent applications upon which prosecution was completed—fiscal 1965: 102,165 applications completed, fiscal 1964: 75,825 applications completed.

We do not seek a like percent increase in salaries. What we do seek is comparability for the upper grades, GS-5 through GS-18. Recent newspaper articles and Bureau of Labor Statistics surveys show that the employees in the lower grades are much closer to the comparability figures than the upper grades—see statement of John Macy, Jr., of April 1966 before this committee.



We realize that there are various pressures to keep the Government pay raise to a minimum of an overall 3.2 percent because of the Vietnam situation and the current threat of inflation.

What we earnestly ask of you, the Congress, is that you apply the available money for salary increases to those areas which are furthest from the Bureau of Labor Statistics comparability guidelines. We ask you to apply large and significant increases to the salaries of Government employees in grades GS-5 through GS-18. We ask no favoritism, we ask only equity.

It is, of course, axiomatic that a government such as ours must be staffed by the best trained and most efficient persons available. Since a substantial share of these persons are either lost or potentially lost by the Patent Office to private industry primarily due to greater salary prospects, it follows that our Government should meet contemporary salaries.

It is the society's conviction that the Patent Office, as well as other Government agencies, can attract and retain a greater percentage of the skilled professional persons needed only by maintaining a comparable salary scale.

You gentlemen hold the key to the Government being able to do just that. We urge that you use that key by greatly increasing the salaries of grades GS-5 through GS-18.

Thank you very much for this opportunity to be heard.

Out statement is short and I would like, with your permission, for Mr. Newman, chairman of this committee of the society, to present his views.

Senator HARTKE. That will be fine.

Mr. NEWMAN. The Patent Office examiners have two major responsibilities both scientific and legal, and for us to retain and attract examining personnel we need a better salary scale. We have not been able to fill all the slots we have vacant.

During the past 4 calendar years the turnover rate has been about 16 percent. Why? The reason is purely economic and the largest reason is economic. We cannot compete with the outside to retain and attract skilled people.

In our proposed statement you will see in 1963 a 3-year-old salary comparability chart which shows how examiner salaries compare with private practice and corporate practice. We nowhere come close. Not only that, since 3 years ago I am sure the cost of living and other increases have made this disparity even greater.

We approve of the item of comparability. We have always approved of it and yet we can understand the pressures to keep the salary increase down because of the Vietnam situation. We do not want to be unreasonable but we want comparability.

An across-the-board pay raise would not provide comparability for the upper grades. It would diminish their return. These are the people we must retain. These are the people we must attract. Across the board will not provide us with the necessary tools to get these people.

I think it is only fair to note the Patent Office in the last fiscal year increased its productivity about 35 percent, a truly enviable record. We did this at the President's urging and all we want is some way to keep this up. We cannot keep it up if we cannot get and keep per-

sonnel. It takes about 3 years for an examiner to reach that level of supervision whereby he pays for himself.

If we cannot keep these people 3 years, if we cannot attract them, the patent system as we know it will have to be phased out.

What we really, sincerely, ask you people here today is that you apply all the available money in comparability for the upper grades. That is GS-5 through 18. We feel this would be the most helpful tool for us in attracting and maintaining the personnel that we need.

We are not in favor of the across-the-board pay scale as proffered by the House.

Thank you very much for being able to appear today and I am sure that you will do what you can for us.

Senator HARTKE. I want to thank you for your statement. Certainly your views will be given consideration.

I am going to ask the staff to request the Civil Service Commission to give us a short statement, their comments in regard to your analysis here. I do think in the Government we have a problem where we try to deal with all people in various professional activities on the same basis and we run into a serious problem. I will ask the Commission, therefore, to give us a comment for the record.

I do know in the professional field that there are certain specialized problems which are not present in some other areas.

I thank you for your statement.

Mr. MOORHEAD. May I add one comment?

Senator HARTKE. Yes.

Mr. MOORHEAD. I think you will notice when former Congressman Ramspeck was here he was speaking for 258,000 professional employees. I would like to note for the record this is the first time in history that we know of that the professional employees have banded together. The rank and file, as it were, having been very, very effective in their areas in this direction and the professionals, it appears perhaps now, maybe a little later on in life, the professionals are getting together, too.

Senator HARTKE. Thank you.

Mr. William Ryan is our next witness, president of the International Association of Machinists and Aerospace Workers, AFL-CIO.

**STATEMENT OF WILLIAM H. RYAN, PRESIDENT AND LEGISLATIVE REPRESENTATIVE FOR DISTRICT 44, INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO**

Senator HARTKE. We are delighted to have you with us and you may proceed any way you wish.

Mr. RYAN. Mr. Chairman and members of the committee, my name is William H. Ryan and I am president and legislative representative of District 44 of the International Association of Machinists and Aerospace Workers, AFL-CIO, with offices located in suite 811, Railway Labor Building, 400 First Street NW., Washington, D.C.

I am pleased to have the opportunity to testify on this very important bill—H.R. 14122—which affects the salary and fringe benefits of our organization's membership who are employed by the Post Office Department and other agencies of the Federal Government.

I wish to first direct my testimony to that portion of the bill which



deals with salary increases for postal and Classification Act employees; and then, to that portion of the bill which deals with other fringe benefits.

The Federal Employees Salary Reform Act of 1964 established a pay principle which was to provide comparability of pay for postal and Federal employees to those rates of pay for comparable positions in the private industry segment of our economy.

The salary increase features of H.R. 14122 as passed by the House of Representatives do not, in our judgment, meet the commitment of the Congress as set forth in the Salary Reform Act. Instead, the salary increases contained in H.R. 14122 are tailored drastically to meet the 3.2 percent pay increase guidelines supported by this administration. This is a known fact admitted by all who have studied, and are knowledgeable of, the pay provisions adopted by the other legislative body.

Our organization contends that it is unfair and unreasonable to impose salary increase guidelines on workers, and not impose similar guidelines on prices and profits. The economic business record indicates that business profits and dividends have soared from one record peak to another. In the last year alone, corporate profits rose 15 percent before taxes—more than twice as fast as the rise of all wage and salary payments combined.

I should like to emphasize at this point that organized labor is just as concerned about inflation and the national interest as this administration is. If there is such a national emergency as to require extraordinary overall stabilization measures, this administration will have complete and wholehearted support from the labor movement.

This would mean that every economic factor—all costs, prices, profits, corporate executive salaries, dividends, and wages—be equally restrained. All America, then, would be sharing equally in the cost and the sacrifices of a national problem.

It has been the experience of our membership that, whenever wage board employees receive increases as a result of wage surveys, retail and service charges are similarly increased in cities and towns in the vicinity of the affected Federal installation; and then another increase in prices for goods and services occurs when Classification Act employees receive salary increases. Thus, Federal employees get hit with double increases in their cost of living in localities where wage board and Classification Act and postal employees are employed by the Federal Government.

The administration's arbitrary guideline of 3.2 percent, covering both salaries and fringe benefits, further imposes an unfair situation on postal and Federal employees. Increased productivity of postal and Federal employees is entirely ignored, and the inclusion of the cost of expanded fringe benefits does not distribute the money benefits equally among the affected employees.

The postal and Federal employees under this bill are charged under the administration's guideline for the fringe benefits costs which affect employees whose wages are established by other than congressional action. This is unfair and unreasonable.

On the other hand, wage board employees do not get the benefit of fringe benefits costs in private industry when their wage rates are established as a result of locality surveys. They must wait until

Congress deals with improvement of fringe benefit laws of all postal and Federal employees before they realize upward adjustments of fringe benefits.

The imposition of the 3.2-percent guideline of the administration on the Government and private sector of our economy is, in our judgment, a serious travesty of justice.

Our organization implores this committee to disregard the 3.2-percent guideline, and to hold faith with the postal and Federal employees by adhering to the principle of comparability of wages with similar skills and responsibilities in the private sector.

Our organization also desires to call to the attention of this committee that, in the Government Employees Salary Reform Act of 1964, by oversight, the position of Director of the Federal Mediation and Conciliation Service was omitted from adjustment. The late beloved Senator Olin Johnston, of South Carolina, who was chairman of this committee, had he lived, intended to seek correction of this oversight in a pay adjustment bill.

We urge this committee to correct this oversight and recommend the following amendment which would level up the position of Director of the Federal Mediation and Conciliation Service to the same level as the position of Chairman of the National Mediation Board.

PROPOSED AMENDMENT TO TITLE III, FEDERAL EXECUTIVES SALARIES,  
GOVERNMENT EMPLOYEES SALARY REFORM ACT OF 1964

Subsection (c) of section 303 of the Federal Executives Salary Act of 1964—78 Stat. 416—is amended by adding at the end thereof the following new paragraph:

“(47) Director, Federal Mediation and Conciliation Service.”

Paragraph (3) of subsection (d) of section 303 of the Federal Executives Salary Act of 1964—78 Stat. 418—is repealed.

TITLE III. COMPENSATION FOR NIGHT, SUNDAY, AND HOLIDAY WORK

Our organization strongly endorses the principle contained in the provisions of section 302 which would require a 25-percent differential over basic compensation to be paid for all hours worked on a Sunday when Sunday falls within the 5-day basic workweek of an employee.

We submit that it is proper that employees who because of employer-imposed basic workweeks which include Sundays, should receive premium pay to somewhat compensate them for not being able to be with their families and friends on days which are normal worship and rest days, and nonschool days. Our organization would like to see this premium pay principle extended to cover both Saturdays and Sundays. It has been the experience of our membership that agencies encourage the utilization of rearranged basic 5-day workweeks to include Saturdays and Sundays for the sole purpose of avoiding the payment of overtime.

The establishment of a 25-percent premium for both Saturdays and Sundays work would discourage this practice to a degree.

Our organization also endorses the principle that all work performed on a holiday should be compensated for at double-time rates added to the basic compensation for that day. The principle of paying double-time added to the basic compensation for holiday work is becoming



increasingly common in negotiated contracts in the private sector of our economy, and we recommend that this committee give serious consideration to adopting this pay principle and practice for Federal employees.

The International Association of Machinists and Aerospace Workers also endorses the principles of H.R. 14122 which provide continued coverage, under certain conditions, under the Federal Employees Group Life Insurance Act of 1954, and the Federal Employees Health Benefits Act of 1959, for those employees who are on approved leave without pay to serve as a full-time officer or employee of an employee organization.

This type of continued coverage is commonplace in negotiated agreements between unions and private industry, and has been a long standing practice as applied to the Railroad Retirement Act.

#### INCREASE IN UNIFORM ALLOWANCES

The increase in uniform allowances is long overdue, and will in measure make up for increased clothing costs, and provide additional funds to replace uniforms of employees who by the nature of their employment wear out uniforms faster than other employees.

#### HEALTH BENEFITS PROVISIONS

H.R. 14122 provides for an increase in the Government's contribution toward the premium cost of health benefits covering an individual, from \$1.25 to \$1.62; and for a family, from \$3.00 to \$3.94.

This increase in contributions restores the initial Government contribution to 38 percent of cost, which, over the years, has been reduced to 28 percent of premium cost. The increase proposed in the bill does not meet the original purpose of Congress which was to provide a 50-50 sharing of costs by Government and employees, regardless of single or family coverage. We submit that it is unfair and unreasonable to charge the increase cost of this item against the 3.2 percent wage guideline of the administration.

More and more private industry firms are absorbing the full premium cost of health benefits coverage for their employees and their families, and we respectfully hope that the Federal Government will shortly accept this practice.

#### RETIREMENT BENEFITS

H.R. 14122 provides for civil service retirement at full annuity at age 55 after 30 years of service and optional retirement at age 60 after 20 years of service. Our organization wholeheartedly endorses these two provisions; but we do not endorse the administration's proposal that would give agency heads the right to force retirement upon employees in the top grades who are eligible for reduced annuities. We have not heard any testimony which warrants the extension of such a right to agency heads.

Our organization supports the remaining retirement features of H.R. 14122, and we respectfully request that the Senate extend to present widows of deceased annuitants the same continuation of survivor annuities that are prescribed in the bill for future widows of Federal employees or retirees.

Mr. Chairman and members of the committee, I want to again express the appreciation of our organization for the opportunity to testify on this important bill, and I hope that the committee will give serious consideration to the adoption of the changes which our organization has recommended.

Thank you.

Senator HARTKE. I want to thank you for your statement and we certainly will give consideration to these recommendations.

Let me ask one question. You ask this committee to disregard the 3.2 percent guideline in regard to this bill. If the request is made from the administration to the private sector in your union, will your organization disregard the guidelines?

Mr. RYAN. Our organization, as I said in my testimony, Mr. Chairman, would accept guidelines if they are imposed upon the other segments of our economy. In other words, prices and corporate competitive salary increases, we feel it is unfair to place this kind of guideline on one segment of our economy and enforce it, which is the position the Federal employees are more or less in right now. This is being forced upon them.

Our organization has not, as yet, accepted the President's guideline of 3.2 percent in the private sector of our relationship with employees.

Senator HARTKE. Do they intend to?

Mr. RYAN. No, sir, we do not.

Senator HARTKE. Thank you, sir.

Mr. Kenneth T. Lyons, president of the National Association of Government Employees.

**STATEMENT OF KENNETH T. LYONS, NATIONAL PRESIDENT,  
NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES;  
ACCOMPANIED BY STANLEY LYMAN, NATIONAL VICE PRESIDENT  
FOR FAA EMPLOYEES**

Senator HARTKE. Good morning, sir.

We are delighted to have you.

Mr. LYONS. I have with me Mr. Stanley Lyman, national vice president for FAA employees.

Our organization testified before the House, Post Office and Civil Service Committee and pointed out that in March of 1964, President Johnson, in a letter to Speaker McCormack said:

It is false economy to offer salaries that will attract the mediocre but repel the talented \* \* \* I need your help in my program to get a dollar's worth of value for every dollar's worth of pay \* \* \* and the dollars paid to attract brains and ability to the Federal service will come back to the American people many times over in more economical and effective government.

Later, the President followed up by stating:

We do not have two standards of what makes a good employer in the United States; one standard for private enterprise and another for the Government. A double standard which puts the Government employee at a comparative disadvantage is shortsighted. In the long run it costs more.

The words of Congress in the Salary Act of 1962 are: Federal salary rates shall be comparable with those paid by private enterprise for the same level of work.



The National Association of Government Employees respectfully regrets that the administration has thus far failed to live up to their statements and acts.

When Congress passed the Salary Reform Act of 1962, the Federal employee was promised pay comparability.

Three times since the enactment the administration has promised it would submit pay adjustment recommendations that would reduce or eliminate lag between Government salaries and those of industry. Always it has been next time, but quite clearly "next time" has yet to arrive.

The organization wishes—emphatically, to record itself in opposition to the proposed 3.2 percent pay raise plan as being:

(1) Grossly inadequate; (2) that an increase above 3.2 percent would not be inflationary; (3) the wage-price guidelines argument does not apply; and, (4) violates public policy as declared in the Federal Salary Act of 1962.

Last June, before the House subcommittee, John W. Macy, Jr., Chairman of the U.S. Civil Service Commission, testified that, based on the latest Bureau of Labor Statistics survey findings, Federal employees in the lower grades were 1 year behind their counterparts in private industry while middle grades were 2 years behind and upper Federal grades 3 years in arrears.

In percentage figures, what Mr. Macy was telling the committee was that Government employees were actually being paid  $3\frac{1}{2}$ , 3.9 and 10 percent less than workers in private enterprise while discharging similar duties.

The National Association of Government Employees upon completion of its study of the BLS survey have discovered that Government employees, in many instances, are actually receiving from 3 to 45 percent less in starting wages.

The contrast in salary inequities inflicted upon these Federal employees assumes a more startling proportion when a further comparison is made upon completion of 4 years employment. At this point in his career, the Federal employee discovers he has narrowed, slightly, the gap. He is, in many instances, now receiving from 2 to 40 percent less than what private industry would be paying him.

The situation does not get any better, for at the 10-year mark many Government employees will find no solace in the fact that if he were in private industry he would be getting from to 11.5 percent more and on top of this fringe benefits would increase the figure.

For example, a GS-15 attorney, if he chose to serve his Government today would receive \$7,749 less in starting pay than if he entered private enterprise. And, his situation fails to improve. For, by the fourth year, he will be \$7,150 behind, but at the end of 10 years, the Government manages to close the gap so that he is behind only \$2,439.

Is this not false economy? Is this equitable? Does this conform to Federal-private industry salary comparability? Do we not still have a double standard that separates Government from private industry?

Since 1962, when the Committee on Post Office and Civil Service, to their credit, approved and the Congress passed legislation establishing the principle of comparability for salaries of Federal employees, the administration has reported that salaries have been increased by 12 percent.

The NAGE, in deference to the committee, Congress, and the administration, regretfully charges it has not been enough and finds itself once again in opposition to the pay hike as being grossly inadequate.

Contrary to the administration's call for a dollar's worth of work for a dollar's pay, it is our position that the Federal employee produces far more in output than what he is being recompensed.

How can our Government continue today and in the future to entice talented careerists?

The youth of today has far more economical vision than those of yesterday. Today, as never before, he finds more occupational doors open to him in private industry. He is more selective than in the past. He does not have to take just any job to earn a day's pay as before. Private industry seeks him out. If he is a college student he is assured of employment with some of the Nation's largest corporations before he graduates.

The youth of today is more knowledgeable. He wants and expects a large and quick return on his educational dollar. He desires, expects, and it is his right to a more prosperous future than his forebears.

How can Government, then, absorb the best talent, brains, and dedication when Government fails to compete with private industry for his services? Today, more than ever, it is imperative that the Federal Government obtain the best talent.

How can this be accomplished when a prospective employee discovers that in many instances it would be 10 years before he would equal the starting salary of his counterpart in private industry.

The administration's goal in preventing mediocrity in Government will not be achieved until Government assumes its obligation in paying Federal employees pay equal to private industry.

We are obligated both to our membership and to our Government to respectfully insist that full comparability is needed if we are to retain our professional competent personnel without comparability we will continue to see the talent of tomorrow leave Government employment for better job opportunities elsewhere.

Recent accounts were published testifying to the dedication and loyalty of Government employees who saved the Government \$95 million through cost-cutting and work-improvement ideas, for the fiscal year ending June 1965.

If there is mediocrity, it lies in the proposed 3.2 pay package, not in Government personnel.

Since 1964, many key industries have negotiated increases, some of them reached with Government suggestions. It is thus, a fact that Government employees are farther from comparability today than they were in 1964.

The administration, committed as it is to the principle of comparability, should not treat Federal employees as a piece of steel or aluminum.

Federal employees have been told that the specter of inflation and the high cost of financing our commitment in Vietnam were among the chief factors in justifying the token pay-fringe proposal.

Our members are patriotic. They are more concerned with success of the war in Vietnam than they are with anything else. It is ironic and inconceivable that once again the administration has presented



a pay bill which calls upon only the Federal employee to accept the full burden and sacrifices of the Vietnam conflict.

As to inflation, why economically deflate the Government employee? Should he alone shoulder the burden? What of the rest of the Nation's working populace? Certainly the living costs of Federal employees is comparable to those in industry.

In the past 25 years that this Nation has seen itself embroiled in either hot or cold wars, industrial workers did not suffer when it came to pay raises. Who can say when peace will come in Vietnam, and past employment and wage statistics will bear out that Federal employees never fared well in peacetime.

The time has long passed when our Government should assume the lead rather than follow wage patterns adopted by private industry.

But this organization fears that that time may never come—certainly not in the near future. For now, the procedure of setting wage scales in Government appears to be no longer vested in Congress acting in concert with the administration and the employees. Rather, it stems from an executive panel which has failed to take into account many vital and necessary economic considerations that would, we believe, have caused them to present a wage program far in excess of what they proposed.

Additionally, labor's demands for the coming year in industry promises to set Government rates so far behind, it will take years to equate. Although the unions have yet to estimate their pay and fringe goals, they reportedly exceed, by far, the administration's guideposts for noninflationary settlements. The Government's classified work force can be expected to follow closely the administration's attitude here.

At this time, I would like to introduce Stanley Lyman, our national vice president from the Federal Aviation Agency to testify relative to the position of the Federal Aviation Agency.

Mr. LYMAN. The National Association of Government Employees is compelled, at this time, through this committee, to inform Congress of the plight of Federal Aviation Agency employees as it pertains to his working hours and conditions in relation to his wages.

The FAA employee, be he an air traffic control specialist, equipment technician, or a communications person, has been subjected for too long to endure a situation that places him in a unique category among Government employees.

With air traffic increasing almost daily, and the failure of the Agency to adjust accordingly, FAA employees charged with the lives and safety of the flying public have found themselves working under conditions that can be termed hazardous.

This organization implores this committee to request Congress to take the necessary steps that will ultimately assure compensation to these employees commensurate with their grave responsibilities.

Few persons are aware of the mental and physical hammering experienced by FAA employees while handling heavy volumes of air traffic; often times under the most trying of conditions.

The FAA employee is not a superman, but he is unique. His uniqueness comes from the fact that every day, 24 hours a day, he must make vital decisions in a matter of minutes rather than being allowed the luxury of being able to stop and study a particular situation for any length of time.

FAA employees, due to their work schedules are forced to forego a large part of their family life. Unlike most Federal employees, he is most fortunate if he can enjoy a portion of his scheduled 10-week-end time off periods.

Too often, upon completion of his workday, he finds himself being ordered back to work when emergencies arise.

He is constantly faced with the problem of traveling great distances under severe conditions at any hour of the day and night to perform his duties—without receiving compensation. This group of Government employees have provided service and safety to the flying public that is unequalled anywhere in the world.

In providing these services these employees have achieved ultimate satisfaction in their performance productivity and resourcefulness. The NAGE urges Congress to provide immediate improvements and pay provisions to compensate these dedicated and vital Federal employees by approving the following:

One, provide a 25 percent shift differential for employees that are required to work on Saturdays and Sunday.

Two, provide time and one-half for all work over 40 hours and to include travel time during callback assignments. This provision to include all grades up to and including the GS-13 level.

Three, to provide a 2½-percent retirement system after 20 years of service to assure an adequate retirement policy.

I submit, Mr. Chairman, that this Nation is experiencing a transportation revolution which will greatly increase over the next two decades. Inasmuch as we are not afforded the opportunity of overtime pay nor weekend shift differentials or many of the other fringe benefits of private industry, it is mandatory that the pay scale of employees at least keep pace with that of private industry.

As the critical dependence upon aviation in our economy continues the capacity of the airspace to accommodate planes must of necessity increase correspondingly. Today, air traffic controllers find themselves responsible for aircraft carrying upwards of 200 people as compared to planes that carried as many as 7 in 1947. Aircraft in the future promises to accommodate many times in excess of what they are transporting today.

To meet this challenge, progressive policies must be implemented to correct pay inequities, working conditions and provide sufficient personnel. The stakes are too high and the time has come now to remedy the situation.

This organization hopes that Congress will not abandon the FAA employee any more than we would expect the captain of a jet liner to abandon his aircraft when he encounters unexpected air turbulence.

Mr. Chairman, may I express the appreciation of all our NAGE members for the interest manifested by this committee. We are confident that Congress will be sympathetic to our pleas.

The National Association of Government Employees, therefore, proposes the following recommendations for enactment in 1966:

A pay raise for classified and postal employees which properly reflects that of private industry, which, in our opinion, would range from 6 percent up to 44 percent;

The immediate extension of basic medicare for Federal employees;

Optional social security for all Federal employees;

A 10-percent pay raise for all Federal aviation controllers;



Provide a 25-percent shift differential for all classified employees that are required to work on Saturdays and Sunday;

A 2½-percent retirement system after 20 years of service for all FAA employees to assure adequate retirement policy;

Overtime payment for all hours worked over 40 for all grades up to and including GS-13; and

That the proposed pay raise and fringe benefits be made retroactive to March 1, 1966.

Senator HARTKE. Thank you gentlemen, both, for your statements.

Our next witness is Mr. James Hill, general counsel of the Air Traffic Control Association with Mr. Clifford P. Burton, executive director.

**STATEMENT OF JAMES HILL, GENERAL COUNSEL, AIR TRAFFIC CONTROL ASSOCIATION, ACCOMPANIED BY CLIFFORD P. BURTON, EXECUTIVE DIRECTOR**

Senator HARTKE. Good morning. We are delighted to have you.

Mr. HILL. My name is Hill, and Mr. Burton, the executive director, is here with me.

Mr. Chairman and members of the committee, the Air Traffic Control Association has asked to appear before you today for one limited purpose: to urge that you retain in the House bill section 405 which would amend the Federal Employees Pay Act of 1945 by the addition of the following language:

SEC. 302. All work not exceeding eight hours which is not overtime work as defined in section 201 of this Act and which is performed within the period commencing at midnight Saturday and ending at midnight Sunday shall be compensated at the rate of basic compensation of the officer or employee performing such work on Sunday plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation.

The Air Traffic Control Association is composed principally of air traffic controllers who are employees of the Federal Aviation Agency. There are approximately 16,000 persons engaged in this type of work, operating the airport control towers, the air route traffic control centers, the flight service stations, the combined station-towers and other air traffic control facilities which are a part of the Nation's air transportation system.

The operation of an air traffic control facility is a 24-hour-a-day, 7-day-a-week operation. As a result, controllers do not have the normal hours that most people do—as each must take his share of the night shifts, and of shifts on Saturdays, Sundays, and holidays. Although it is intended that each controller shall have a 40-hour work-week, overtime is frequently required, because of unusual traffic volume, position vacancies, illness or annual leave of other personnel, natural disasters, and similar situations.

In 1965 Congress enacted a pay increase for Federal employees, including the civil service, postal service, and Foreign Service—Public Law 89-301, 79 Stat. 1111, October 29, 1965. In that law, Congress also amended title 39, United States Code, section 3573, for the purpose of bringing postal service compensation for overtime and holiday work into line with existing law applicable to the civil service, as contained in title 5, United States Code, sections 911-922. Both of these laws originally came from the Federal Employees Pay Act of

1945, but over the years the provisions applicable to the civil service had been liberalized, and the Congress in 1965 amended the provisions applicable to the postal service to make them comparable.

As a result of the 1965 amendment, both laws now provide, generally, that overtime work, in excess of 40 hours, shall be compensated at the rate of 150 percent of basic hourly compensation—or by compensatory time off—and work on legal holidays shall be compensated at the rate of 200 percent of basic hourly compensation. But, in the 1965 amendment applicable to the postal service, the Congress also added a provision not contained in the law applicable to the civil service, reading:

(e) Each regular employee whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during that eight-hour period of service (39 U.S.C. 3575(e)).

There is no equivalent provision in the law applicable to the civil service, contained in title 5, United States Code, sections 911–922. As a result, postal employees who are required to work on Sundays are compensated at the rate of 125 percent of basic compensation, but all other Federal employees in exactly the same circumstances receive no premium compensation. The House bill seeks to correct this inequity by making identical provision for employees of the civil service.

In its report on the bill which became Public Law 89–301 (S. Rept. No. 910, 89th Cong., 1st sess.), this committee said:

**Postal overtime and holiday pay:** The bill revises and progressively modernizes the present law on overtime and holiday pay for postal employees. Unlike many other agencies of the Government, the postal service is a 7-day, 24-hour operation. The present volume of mail is above 72 billion pieces annually. It continues to rise.

Overtime work is simply mandatory under present conditions. The limitation upon funds available for additional career manpower requires the use of temporary substitutes. Until now, no substitute employee has been paid overtime compensation in any case, and no regular employee has been paid for working a sixth or seventh day in the workweek. The Post Office Department has recognized this inequity. The Fair Labor Standards Act of 1938 established a basic overtime program applicable to private enterprise, and the Government is long overdue in fulfilling the requirements which Federal law requires of private industry.

These observations are equally applicable to air-traffic controllers. Air traffic volume is continuing to rise. Limitations imposed on the number of positions make overtime work mandatory. The nature of the function requires work on Sundays and holidays. The Government is long overdue in matching the provisions for compensation for such work which are customary in and required of, private industry.

There are undoubtedly some 7-day, 24-hour positions in many agencies, such as park policemen, forest rangers, building guards, and so forth. But the two major groups of Federal employees who labor in these circumstances, to the best of our knowledge, are postal employees and air-traffic controllers.

As a result, our group has a substantial interest in this bill. We believe that the provision of the House bill on this subject is most fair and equitable, and that it removes an existing inequity. We urge the committee to report it favorably.

Senator HARTKE. If we just pass the House bill in its entirety, we will take care of you.



Mr. HILL. Yes, indeed.

Senator HARTKE. Thank you, sir.

Our next witness is Mr. Ross A. Messer, legislative representative of the National Association Post Office and General Services Maintenance Employees.

**STATEMENT OF ROSS A. MESSER, LEGISLATIVE REPRESENTATIVE,  
NATIONAL ASSOCIATION OF POST OFFICE AND GENERAL  
SERVICES MAINTENANCE EMPLOYEES**

Senator HARTKE. Good morning. We are glad to have you here.

Mr. MESSER. Thank you, Mr. Chairman and members of the committee, for the opportunity to appear before you today.

I am Ross A. Messer, legislative representative of the National Association of Post Office and General Services Maintenance Employees, AFL-CIO, with headquarters at 724 9th Street NW., Washington, D.C.

I might add we are the youngest affiliate of the AFL-CIO having received our charter approval on April 1 with the presentation of charter on April 19.

This Association is the national exclusive representative with the Post Office Department for all maintenance employees in the Postal Field Service under a national election, held in 1962. This association also has formal recognition with the General Services Administration, representing maintenance employees in the Public Building Services of GSA. This Association has members in the 50 States, Puerto Rico, Virgin Islands and the District of Columbia.

It is a pleasure for us to have an opportunity to testify before this committee on H.R. 14122, the pending proposal affecting pay, retirement, and health insurance. We wish to extend our thanks to Chairman Monroney for scheduling hearings on this most important subject. We also wish to thank the various members of this committee for their interest in this very important legislation.

This association strongly supports the comparability principle, recommended by the late President John F. Kennedy, embodied in the Federal Salary Reform Act of 1962, and endorsed by President Johnson in his message to Congress in 1965. However, it is our belief that the guidelines now proposed by the administration this year will replace the comparability principle set forth in the Salary Reform Act of 1962, unless Congress takes a hand in this situation and provides true comparability.

A few years ago, Congress approved legislation to make increases for wage board employees effective not later than 45 days after the date the survey was officially ordered—Public Law 85-872, approved September 2, 1958.

In order for Classification Act and Postal Field Service employees to have true comparability, some such proposal must be given serious consideration by Congress.

Chairman Macy of the Civil Service Commission, in his testimony before this committee, stated:

The adjustment proposed by the President would continue to maintain full comparability at grades up through GS-5, bringing those rates up to private enterprise salary levels most recently reported by the Bureau of Labor Statistics, in the survey report released in November 1965.

The report was released in November 1965, but is dated February-March 1965, which means that most of the material in the report, or the wage surveys conducted by the Bureau of Labor Statistics, was gathered during 1964 and this is now 1966, which means that, in our opinion, on January 1, 1967, the effective date proposed by the administration, the employees would receive comparable pay with private industry in 1964, a lag of approximately 24 months. Mr. Chairman, this is not comparability in our opinion.

Many facts and figures have been presented to the committee to justify the need of a salary increase of at least 7 percent for postal and Federal employees. The cost of living increase and the change in living standards have affected the maintenance employees to the same extent it has affected other postal and Federal employees.

This Association strongly endorses an increase of 7 percent, for all employees, regardless of their grade level.

Mr. Chairman, it is our belief that the effective date of January 1, 1967, approved and recommended by the administration, is very unrealistic. It is our belief that in order to cut down on the lag between the date of the surveys by the Bureau of Labor Statistics and the effective date, and in order to provide some semblance of comparability, the effective date of the salary increase should not be later than July 1, 1966, as set forth in H.R. 14122.

Last year, the House approved mandatory payment of overtime for the Postal Field Service. The Postmaster General was granted the option of paying overtime above level 10. These provisions were eliminated from Public Law 89-301, when finally approved. Public Law 89-301 limited the payment of overtime to level 7 and below, with payments to 8 through 14 at the option of the Postmaster General.

It is our belief that all PFS employees who are required to work overtime, either in excess of 8 hours a day, or Saturdays or Sundays, should be paid overtime pay for such work. This association endorses the overtime provisions of H.R. 14122, as a step in the right direction, even though it does not go as far as we believe it should. We also endorse the overtime provisions for Classification Act and wage board employees.

The administration is recommending a slight increase in the amount the Government pays on the premiums of the health insurance for the employees. It is our belief, and it has been our contention since the inception of the program, that the Government should pay one-half the cost of the premiums of health insurance. Many firms in private industry pay one-half or more of the cost. Quite a number of firms pay the entire cost. This association endorses the one-step provision on this subject in H.R. 14122.

This association endorses the recommendation of the administration that the employees be given an opportunity to retire on full annuity at age 55 with 30 years of service. It is our belief that this is an option which should be with the employees and not with the Government. If the Government has the right to force retirement on certain employees on the completion of 30 years of service at age 55, it will be a deterrent to many employees to move into the higher levels, as they know they stand a chance of being automatically separated when, in the opinion of some officials, they have served their usefulness. It is our belief that the Government having the option to retire the employees, will severely hinder the efficient and economical operation of the Government.



This association is opposed to the increase in the retirement deductions from the employees' salaries. It is our belief that the 6½ percent presently paid by the employees is sufficient to cover the cost of their portion of the annuity.

The administration has recommended guidelines of 3.2 percent which includes an average salary increase of 2.85 percent, ranging from 1 percent in the lower grades to 4.5 percent in the upper grades, with the remainder of the guidelines being applied to fringe benefits.

The average 2.85 percent increase recommended by the administration would actually be reduced by one-half percent, the proposed increase in retirement deductions, thereby leaving an average increase of 2.35 percent. The 1-percent increase recommended in GS-1 and 2 would eventually wind up as an increase of one-half of 1 percent, due to the increase in retirement deductions.

It is our belief that any increase granted should be applied equally to all grades or levels. This association endorses the 2.9-percent increase provided in H.R. 14122, although we are convinced that the salary adjustments should be at least 7 percent.

Mr. Chairman, the administration, while attempting to hold the Postal and Classification Act employees within the established guidelines of 3.2 percent is not applying this to all employees of the Government. Do not misunderstand me. We do not begrudge wage board employees receiving the increases to which they are justly entitled.

However, it appears quite strange to us that the administration strongly recommends holding pay and fringe benefits for postal field service and Classification Act employees to the 3.2 percent, while some wage board employees are receiving considerably more than this, in some instances, in pay alone.

I have attached to my statement exhibit A, exhibit B, and exhibit C, covering a portion of two monthly reports, January, February, and March 1966, on the Army-Air Force wage boards which set forth the percentage increase received by nonsupervisory employees, by leadermen employees, and by supervisory employees.

A review of these reports indicates that in a number of cities, the 3.2 percent overall guidelines for wages and fringe benefits have been exceeded in percentage increases for wages only.

Mr. Chairman, I would like to ask that these three exhibits be included at the conclusion of my testimony.

Senator HARTKE. They will appear as you have asked.

Mr. MESSER. Section 501, Public Law 68, 84th Congress, stated below, provides that employees entering the postal field service in any position not in a regional or district office, or in a professional or scientific position, shall enter in step 1 of the level:

#### PUBLIC LAW 68, TITLE V—GENERAL COMPENSATION RULES; APPOINTMENTS

SEC. 501. The Postmaster General may appoint any person who has been employed in a civilian capacity in any branch of the Government to any position in a regional or district office or to any professional or scientific position and may place such person in any step in the salary level of the postal field service schedule which is less than one full step above the highest basic salary which such person received from the United States.

It is anticipated that in the near future the Post Office Department will take over the operation of certain post office buildings now operated by the General Services Administration. This would require the Post Office to take over certain GSA employees who

would be required to enter the postal field service at step 1 of the level to which assigned, thereby causing a loss in pay.

GSA regulations provide that when GSA takes over a post office building, the employees are taken over at the rate of pay they are receiving on the date of transfer.

A specific building in question has two employees, one receiving \$2.65 per hour, the other \$2.32 per hour. It is proposed to place these two GSA employees in PFS 2, step 1, \$2.13 per hour, when they are transferred to the postal field service. One employee would take a reduction of 52 cents an hour, or \$1,081.60 per year, while the other employee would take a reduction of 19 cents an hour, or \$395.20 per year.

In addition to the loss in pay, it appears that the employee taking a reduction of more than \$1,000 would also lose \$1,000 life insurance.

Both employees would be adversely affected in pay and retirement.

It is our belief that the same saved-rate provisions should apply to GSA employees transferred to the postal field service as now applies to postal field service employees transferred to GSA through no fault of their own. The transfer of the employees to or from either agency is due to the transfer of the building from one agency to the other.

The two employees in question could be placed in steps of PFS 2, step 9, and PFS 2, step 4, respectively with very little, if any, loss in pay. However, the provisions of section 501 of Public Law 68, 84th Congress, prohibit this.

Mr. Chairman, it appears that the problem we are now confronted with under section 501, Public Law 68, 84th Congress, is going to be a continuing one, as it is anticipated that several buildings will be transferred from the General Services Administration to the postal field service within the next year or so.

Section 401 of H.R. 14122 would provide protection for the employees when they are transferred due to the transfer of the building from GSA to the Post Office Department.

I might add that Assistant Postmaster General J. Richard Murphy approved this section in his testimony before this committee on April 21.

Mr. Chairman, this association also endorses the provisions of section 407 of H.R. 14122, to provide an increase in the uniform allowance of employees who are authorized by law or regulation to wear uniforms. The uniform allowance was established in 1945 and the maximum amount allowable under the act was increased from \$100 to \$125 by Public Law 89-301.

Section 407 would also provide percentage increases for employees required by law or regulation to wear uniforms who do not have the full allowance of \$100.

This association also favors the inclusion in H.R. 14122 of the provisions of an interchange of civil service retirement and social security credits as proposed by the Chairman of the Civil Service Commission, in order to provide survivorship benefits and family protection to Federal employees during their first 5 years of service and prior to their gaining full coverage under the Civil Service Retirement Act.

In closing, I would like to state that many people have a misimpression of the maintenance service in the postal field service. The maintenance service is not composed of janitors and laborers alone.



Employees of the maintenance service are in PFS levels 1 through 15. It is true that the primary function of the maintenance service is the operation and maintenance of the post office buildings and mail handling equipment. However, with the advent of automation, the maintenance service is a very vital part of the postal service.

The mechanics in the maintenance service maintain the most modern letter sorting and canceling machines, as well as automatic elevators and some of the largest air-conditioning units in the United States.

I might add that this association represents all maintenances employees, both supervisory and nonsupervisory.

I wish to again take this opportunity, Mr. Chairman, to thank you and the members of this committee, for the opportunity to appear before you today.

Senator HARTKE. Thank you, sir, we appreciate your testimony.

Our next witness is Mr. Everett Gibson, president of the National Federation of Post Office Motor Vehicle Employees, AFL-CIO.

**STATEMENT OF EVERETT G. GIBSON, PRESIDENT, NATIONAL FEDERATION OF POST OFFICE MOTOR VEHICLE EMPLOYEES, AFL-CIO, ACCOMPANIED BY CHESTER W. PARRISH, NATIONAL SECRETARY-TREASURER**

Senator HARTKE. Good morning, Mr. Gibson. We are delighted to have you with us.

Mr. GIBSON. Mr. Chairman and members of the committee, my name is Everett G. Gibson. I am president of the National Federation of Post Office Motor Vehicle Employees, AFL-CIO, and I am accompanied by Mr. Chester W. Parrish, our national secretary-treasurer. We are affiliated with the American Federation of Labor and the Congress of Industrial Organizations, as well as the Government Employees' Council, AFL-CIO, with offices at 412 Fifth Street NW., Washington, D.C.

We have national exclusive recognition under Executive Order 10988, and are the sole bargaining representatives for all Post Office Motor Vehicle Employees, under the terms of the national agreement with the Post Office Department. Our membership consists of garagemen, automotive mechanics, technical mechanics—body-fender and painters—vehicle and tractor-trailer operators in the rank-and-file employees.

We also have locals consisting only post office motor vehicle supervisors, who have local formal recognition and all of whom are employed in both maintenance and operations divisions or our service. Our personnel maintain all the maintenance on Government-owned vehicles of the Post Office Department and we haul all bulk mails to and from terminals, airports, and post offices.

We appreciate this opportunity to express our views on the pending legislation that will provide salary increases and fringe benefits for Federal and postal employees. We want to thank you, Mr. Chairman, for your prompt scheduling of hearings on this legislation and express our appreciation to all the members for their continuous interest in our welfare.

We endorse and support the Morrison bill, H.R. 14122, as passed by the House by a vote of 393 to 1. It is our opinion that the House Post

Office and Civil Service Committee did a tremendous job in formulating H.R. 14122 and keeping it within the guidelines recommended by the administration. We sincerely hope that this committee will report this legislation without amendments.

We realize that H.R. 14122 does not accomplish salary comparability as intended under the provision of the Salary Reform Act of 1962, Public Law 87-793. H.R. 14122 is a compromise, and therefore, we support it.

The Federal Pay Reform Act of 1962 established comparability between postal and classified pay rates in the Federal Service, and the national average pay rates of private enterprise for equal skills. The membership of our union do have comparability with that of private industry such as "auto dealer repair shops" and "motor truck drivers," but we do not receive a like salary. We have made a comparison of outside industry, taken from Bulletin 1433 of the U.S. Department of Labor and Bureau of Labor Statistics, issued December 1964, which shows the average union hourly wage rates of motor truck drivers and helpers by nine regions of July 1, 1964, which indicates that our vehicle and tractor-trailer operators are behind in the pay of private industry.

The average hourly wages for truck drivers in outside industry of July 1, 1964, was \$3.14 per hour as compared to \$2.93 an hour paid our tractor-trailer operators in PFS-5, step 4, or, an 8-percent lag behind outside industry.

The U.S. Department of Labor, Bureau of Labor Statistics, indicates that during the period of August, September, and October 1964, in 35 of our largest cities, the "auto dealer repair shops" disclosed that the rate paid their employees in like positions of our motor vehicle employees, was as illustrated below:

Employee	Outside industry	Post Office Department			Hour lag
		PFS	Step	Hourly rate	
Body-fender mechanic.....	\$3. 56	6	4	\$3. 14	\$0.42
Auto mechanic.....	3. 20	5	4	2. 93	.27
Garage man.....	2. 63	3	4	2. 53	.10
Auto painter.....	3. 22	5	4	2. 93	.29

The comparison listed, are wages reported for straight-time hourly earnings—excluding premium pay for overtime and for work on weekends, holidays, and late shifts.

Our national conventions have endorsed a 30-year retirement at age 55, with full annuities and are grateful that H.R. 14122 provides these features. However, we are opposed to compulsory retirement by an agency at any PFS level.

We are in favor of a provision that would transfer credits between social security and the civil service retirement to guarantee retirement, disability and survivor benefits to those who die or become disabled before completing 5 years of Federal service.

We support the provisions of H.R. 14122 that provide for mandatory increase in the uniform allowance from \$100 to \$125; that provides to recompute annuities of those who retired between April 1, 1948, and October 10, 1962, to provide former employees the benefits of



Public Law 87-793, and to provide survivorship annuity of 55 percent and extend the survivorship benefits to students until their 22d birthday. Also, the provision that provides a one-phase increase in the Government's contribution to the cost of the health benefits program.

In conclusion, we reaffirm our support of H.R. 14122 and we urge that the across-the-board increase remain, with the effective date of July 1, 1966.

Thank you, Mr. Chairman, and the members of the committee for permitting us to present our views on this pending legislation, and we urge a favorable report by the committee.

I appreciate this opportunity to appear before the committee even though I am the last witness.

Thank you.

Senator HARTKE. Thank you, gentlemen.

Are there any other witnesses desiring to be heard?

If not, the hearings are adjourned. I would like to place in the record as appendix material a statement by Senator Joseph Montoya, of New Mexico, and statements by the National Society of Professional Engineers and the National Customs Service Association.

Now, on behalf of the chairman, and members of the committee, I want to thank you for your cooperation. We work together. When we reason together, we can work together.

(Whereupon, at 11:50 a.m., the hearing adjourned.)





## APPENDIX

### REMARKS BY HON. JOSEPH M. MONTOYA, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Mr. Chairman, thank you for giving me this opportunity to call to your attention a serious problem concerning annuities of Federal employees who retired prior to October 11, 1962.

One of the more important reasons for a strong and prosperous nation is the loyal service of devoted and capable Federal employees—not only now, but in years gone by. We have recognized the contributions of our employees who are serving us today, but often forget the past service and devotion of those who are already on the retirement rolls. It is true that retirees' annuities have been improved a little through the years, but have never been adequate or equal to improvements made for those employees who will retire in the future.

A careful review of the present laws dealing with annuities shows we have not been giving equal treatment to all our former employees. Here are some facts your committee should know: Four different formulas are now in use in determining the cost a retired Federal employee has to pay under the civil service retirement system in order to provide survivor benefits to his spouse, and there are two different percentage rates for survivor annuities, illustrated by the cases of four persons retired at different periods, each now entitled to an annuity of \$3,600, if he had not elected a reduction in order to provide a survivor annuity, as follows:

When retired	Annuity reduction	Survivor annuity
Apr. 1, 1948–Sept. 30, 1949.....	Minimum \$360, maximum \$900 <sup>1</sup> .....	\$1,800
Oct. 1, 1949–Sept. 30, 1956.....	Minimum \$285, maximum \$900 <sup>2</sup> .....	1,800
Oct. 1, 1956–Oct. 10, 1962.....	\$180.....	1,800
Since Oct. 11, 1962.....	\$90.....	1,980

<sup>1</sup> From Apr. 1, 1948, to Sept. 30, 1949, the reduction was 10 percent plus  $\frac{3}{4}$  of 1 percent for each year the spouse was under age 60, with total reduction limited to 25 percent.

<sup>2</sup> From Oct. 1, 1949, to Sept. 30, 1956, the reduction was 5 percent on up to \$1,500, and 10 percent on the balance, plus  $\frac{3}{4}$  of 1 percent for each year the spouse was under age 60, with total reduction limited to 25 percent.

This means that a person who retired between April 30, 1948, and September 30, 1949, must continue to pay from 4 to 10 times as much as a current retiree, for a smaller survivor annuity.

The retiree between October 1, 1949, and September 30, 1956, has to pay from more than 3 up to 10 times as much as the current retiree for a smaller survivor annuity. The retiree between October 1, 1956, and October 11, 1962, pays twice as much for a smaller survivor annuity. The retiree since October 11, 1962, can provide 10 percent more in survivor annuity at a cost ranging from half as much to only a tenth as much as that charged former employees who retired from 3½ to 18 years ago.

Congress corrected a similar inequity in the Foreign Service retirement system by the enactment of Public Law 89-308, approved October 31, 1965. Previous to 1960, Foreign Service retirees were required to take a reduction of 25 percent in the amount of their annuities used as a base for survivor annuities in order to provide survivor annuities of 50 percent of this base. After 1960, the widow survivor annuity was increased to a minimum of \$2,400, and could be provided for an annual annuity reduction of only \$300, but the change was not retroactive to apply to persons previously retired. Public Law 89-308 authorized the recomputation of annuities of persons who retired prior to 1960 who had elected

survivor annuities, and adjusted all survivor annuities below \$2,400 to the \$2,400 minimum.

The discrepancies I have just cited are not only unfair and discriminatory, but have a depressing and frustrating effect on the morale of our former Federal employees.

Mr. Chairman, it is my sincere hope that your committee will take the necessary action to correct these inequities.

Thank you

#### STATEMENT OF THE NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

Mr. Chairman, I am Paul H. Robbins, executive director of the National Society of Professional Engineers, with headquarters in this city. The society is composed of over 64,000 members, each of whom is qualified to engage in the practice of professional engineering under applicable State engineering registration laws.

The national society appreciates the opportunity to appear before this committee in connection with its consideration of Federal employee pay legislation.

The society believes that the principle of comparability was the most important feature of the Federal Salary Reform Act of 1962, and that the achievement of true comparability should be a primary concern to this committee. Not only is it important in terms of providing equity to Federal employees, but its implementation is essential if the Federal Government is to attract and retain adequate numbers of highly trained engineers and scientists.

At the present time, unfortunately, Bureau of Labor Statistics figures show a considerable gap between the salaries of Federal engineers and those of engineers in the private economy. This gap ranges from 20.8 percent at the GS-5 level, to 8.4 percent at GS-15. The rates proposed by the administration would improve this situation somewhat, as indicated in the chart below, so that the gaps noted above would be narrowed to 18 and 3.8 percent, respectively. The increases proposed would be particularly beneficial in the middle and upper grade levels. Because it is these grades which cause the most serious engineering retention problems for Federal agencies, we strongly urge that the sliding-scale feature of the administration's proposal, eliminated by the House, be replaced.

#### *Engineering salaries—Present and proposed*

Grade	1965 industry median	Present average rates for Government engineers	Percent increase needed	Average rates under administra- tion pro- posal	Percent increase needed
GS-5-----	\$7,500	\$6,207 (step 1)-----	20.8	\$6,355	18.2
GS-7-----	8,232	\$7,304 (step 1)-----	12.7	7,485	10.2
GS-9-----	9,444	\$8,241 (step 2)-----	14.6	8,470	11.5
GS-11-----	11,280	\$9,879 (step 3)-----	14.2	10,225	10.3
GS-12-----	13,140	\$11,723 (step 4)-----	12.1	12,480	5.3
GS-13-----	15,348	\$13,815 (step 4)-----	11.1	14,395	6.6
GS-14-----	17,928	\$16,204 (step 4)-----	10.6	16,915	6.0
GS-15-----	20,412	\$18,825 (step 4)-----	8.4	19,670	3.8

NOTE.—Industry average taken from "National Survey of Professional, Administrative, Technical, and Clerical Pay, February–March, 1965," Bureau of Labor Statistics Bulletin No. 1469.

Government engineer figures include above-minimum rates authorized by the Civil Service Commission for grades GS-5 through GS-11, under section 504 of the Federal Salary Reform Act of 1962.

In reviewing the administration's original proposal for legislation in this area we note in addition to pay increase proposals, a number of recommendations concerning fringe benefits. The society concurs in general with the administration's recommendations concerning Government contributions for health benefits, improved retirement financing, and voluntary retirement at age 55 after 30 years of service.

But there was one provision of the proposed legislation, Mr. Chairman, which the society strongly opposes. That was the proposal, removed from the House-passed bill, to give the Government authority to forcibly retire GS-13 and above employees at age 55 after 30 years of service. While we have no figures on the number of engineers in this age/service bracket, we do know that there are over 27,000 engineers in grades GS-13 and above. We are certain that a significant



proportion of this number would be potentially affected by this mandatory retirement proposal.

Mr. Chairman, I can hardly conceive of a proposal more calculated to discourage career thinking on the part of young engineers. I am certain that the members of this committee can appreciate the difficulty in attempting to plan home financing, insurance provisions, and education of children when there is no certainty that retirement at reduced income may not be forced at any time after the age of 55. While we think it is quite commendable for the administration to propose voluntary retirement at this age, we know of no private industrial firm which has adopted mandatory retirement of the type proposed. It appears to the society extremely unwise to give Federal agencies the unrestricted authority to force out professional level employees at the very peak of their productive capacity.

It is apparent, unfortunately, that the administration has sought this provision to allow agencies to circumvent the normal civil service job retention rights. It is one thing to allow an agency to withhold a salary step increase from an employee with whom they are displeased. It is quite another to allow him to be summarily and permanently retired against his will with no review or appeal rights. I am sure the members can appreciate what a dangerous weapon this provision would be in the hands of an agency under pressure to bring down its average grade level or to make room for more politically acceptable individuals.

We are particularly concerned with the possible effects of such a provision upon the many Federal engineers who must report to and advise nonprofessional superiors. Not infrequently, professional ethics require engineers to make advisory judgments which may run contrary to a course of action based on non-technical considerations. I cannot overemphasize the danger of placing our most experienced and highly qualified professional engineers in the position of risking forced retirement as a result of their adopting an unpopular position, as may occasionally be required by the code of ethics. While we certainly believe that Federal agencies must have adequate control over personnel to assure loyalty and productivity, we are wholly opposed to such an extreme approach to this goal.

A last point, Mr. Chairman, concerns the effective date of the proposed pay increase, which we feel should be, at the latest, the first of the next fiscal year. To delay this increase until January 1, 1967, as requested by the administration, would widen the time gap between the BLS survey and the remedial increase to nearly 2 full years. This, we believe, would be a step away from comparability rather than toward it.

This concludes my prepared statement, Mr. Chairman. I will, of course, be happy to answer any questions which you or other members of the committee may have on our comments, or to provide any other information which may be desired.

Thank you for your consideration of our views.

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STATEMENT OF JOHN J. MURPHY, PRESIDENT OF THE NATIONAL CUSTOMS  
SERVICE ASSOCIATION

Mr. Chairman and members of the committee, my name is John J. Murphy. I am president of the National Customs Service Association. The National Customs Service Association is an independent organization of employees of the customs service at all levels and in all occupations. We have local branches and members at large throughout the mainland United States and in Alaska, Hawaii, Puerto Rico, and the Virgin Islands. We have members also in foreign countries where there are U.S. customs facilities.

We are the only organization that has been accorded formal national recognition under Executive Order 10988 by both the Treasury Department and the Bureau of Customs as representative of employees of the customs service.

Mr. Chairman, we appreciate the opportunity to appear before you to present our views on the need for a salary adjustment for Federal employees and to comment on fringe benefit legislation now before you. We wish to thank you for holding these hearings. We appreciate the action of the many members who have sponsored legislation to bring about salary increases and other benefits.

Mr. Chairman, our statement will be brief as we wish to avoid repeating what has already been said. We will limit ourselves to making a few points.

## 1. PAY

In our view a pay adjustment of not less than 3.5 percent across the board, effective March 1, 1966, is fully justified. To our mind, Federal employees are now more than 2 years behind comparability and for all practical purposes the fine concept of comparability is but a myth. We do not believe that a pay increase at this time will in any manner violate economic guideposts. The guideposts, as we understand them, are to limit salary raises above a certain level.

This level is the comparability not yet achieved by Federal employees.

## 2. RETIREMENT

We strongly support the proposal to permit retirement without age penalty at age 55 with 30 years of service. We believe that service rather than age should determine retirement and look forward to eventually having full retirement after 30 years' service at any age.

We cannot support in its present form the proposal that the Government be permitted to retire employees at age 55. We believe that there are other means at the command of management to solve the problem of employees whose performance may be marginal. Unless there are some meaningful review and appeal provisions we fear possible abuse of the compulsory retirement option.

We endorse the provision that permits full retirement at age 60 after 20 years of service.

## 3. HEALTH BENEFITS

We favor the recommendation that the Government and the employee share equally the cost of the health insurance program. This is equitable to all concerned and is a long-overdue improvement in the plan. It is our hope that the Government's share will be increased in the future to bring it more in line with private industry practices.

We particularly urge that section 507 of H.R. 14122 be approved. This would correct a longstanding inequity by providing a recomputation of annuities for those retirees who elected reduced annuities in order to provide for a surviving spouse.

Mr. Chairman, we greatly appreciate this opportunity to present our views, and wish to express our gratitude to you and the members of the committee for your patience and sympathetic understanding. Thank you.

POST OFFICE DEPARTMENT,  
ASSISTANT POSTMASTER GENERAL,  
BUREAU OF PERSONNEL,  
Washington, D.C., April 6, 1966.

Hon. A. S. MIKE MONRONEY,  
*Chairman, Senate Post Office and Civil Service Committee, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: As promised in my letter of May 3, 1966, to you, here are the results of the latest sampling of post offices regarding the incidence of compensatory time usage by postal supervisors in salary levels PFS-8 through PFS-10:

Compensatory time usage: 3.4 hours per employee per pay period.

Holiday compensatory time: one-third of supervisors working 8 hours per holiday excluding Christmas.

Rate of Overtime: \$6.62 (based on average of PFS-8/10):

Rate of PFS-7, step 11: \$6.29.

Rate of PFS-10, step 10: \$7.86.

Compensatory balance on hand: 126,117.

Total compensatory hours PFS-8 through 10: 2,157,000.

Number of supervisors PFS-8 through 10: 15,000 (1967 complement estimate).

Cost: \$14.3 million (excludes Christmas pay period).

I trust the above information is responsive to Senator Carlson's request.

Sincerely yours,

RICHARD J. MURPHY,  
*Assistant Postmaster General.*











LEGISLATIVE HISTORY  
Public Law 89-504  
H. R. 14122

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## INDEX AND SUMMARY OF H. R. 14122

Mar.	30, 1966	Rep. Morrison introduced H.R. 14122 which was referred to House Post Office and Civil Service Committee. Print of bill.
Mar.	31, 1966	House committee voted to report H. R. 14122.
April	1, 1966	House committee reported H. R. 14122 with amendments. H. Report 1410. Print of bill and report.
April	4, 1966	House began debate on H. R. 14122.
April	6, 1966	House passed H. R. 14122 under suspension of the rules.
April	13, 1966	H. R. 14122 was referred to Senate Post Office and Civil Service Committee. Print of bill as introduced.
May	23, 1966	Senate committee voted to report H. R. 14122.
May	26, 1966	Senate committee reported H. R. 14122 with an amendment. S. Report 1187. Print of bill and report.
June	30, 1966	Senate made H. R. 14122 its unfinished business.
July	11, 1966	Senate passed H. R. 14122 as reported.
July	12, 1966	House concurred in Senate amendments to H. R. 14122.
July	18, 1966	Approved: Public Law 89-504.

**Hearings:** H. Committee on H. R. 12094 and related bills.

S. Committee on H. R. 14122





## DIGEST OF PUBLIC LAW 89-504

FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966. Provides an across-the-board pay raise of 2.9 percent for federal classified and postal workers in the first 15 grades and a flat 2 percent increase for those in grades 16 to 18, retroactive to the first pay period beginning on or after July 1, 1966. Fringe benefits provisions include the right to retire optionally on full annuities at age 55 after 30 years' service, or at age 60 after 20 years' service; increase in Government contributions to health insurance premiums; extension of health insurance and survivor benefits to children to age 22; overtime payment to classified employees for hours worked a day in excess of eight; increase in uniform allowances; and modification of rules on continuation and restoration of annuities of widows and dependent widowers who remarry. Provides that the maximum dollar rate for overtime be the first step of GS-10 instead of GS-9; 25 percent premium pay for Sunday work; 10 percent annuity raises for widows and dependent widowers of federal employees who died or retired prior to Oct. 11, 1962, and to spouses of Federal employees still alive who retired before that date.











89TH CONGRESS  
2D SESSION

# H. R. 14122

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IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 1966

Mr. MORRISON introduced the following bill; which was referred to the Committee on Post Office and Civil Service

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## A BILL

To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Federal Salary and  
4       Fringe Benefits Act of 1966".

5                   TITLE I—EXECUTIVE BRANCH

6                   SHORT TITLE

7       SEC. 101. This title may be cited as the "Federal Em-  
8       ployees Salary Act of 1966".

1 EMPLOYEES SUBJECT TO CLASSIFICATION ACT OF 1949

2 SEC. 102. (a) Section 603 (b) of the Classification Act  
3 of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113 (b) ),  
4 is amended to read as follows:

5 “(b) The compensation schedule for the General  
6 Schedule shall be as follows:

“Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2-----	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3-----	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4-----	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5-----	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6-----	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7-----	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8-----	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9-----	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10-----	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11-----	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12-----	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13-----	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14-----	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15-----	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16-----	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	-----
GS-17-----	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----
GS-18-----	25,890	-----	-----	-----	-----	-----	-----	-----	-----	”.

7 (b) Except as provided in section 504 (d) of the Federal  
8 Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C. 1173  
9 (d) ), the rates of basic compensation of officers and em-  
10 ployees to whom the compensation schedule set forth in sub-  
11 section (a) of this section applies shall be initially adjusted  
12 as of the effective date of this section, as follows:

13 (1) If the officer or employee is receiving basic  
14 compensation immediately prior to the effective date of  
15 this section at one of the rates of a grade in the General  
16 Schedule of the Classification Act of 1949, as amended,  
17 he shall receive a rate of basic compensation at the cor-  
18 responding rate in effect on and after such date.



1           (2) If the officer or employee is receiving basic  
2 compensation immediately prior to the effective date of  
3 this section at a rate between two rates of a grade in the  
4 General Schedule of the Classification Act of 1949, as  
5 amended, he shall receive a rate of basic compensation  
6 at the higher of the two corresponding rates in effect on  
7 and after such date.

8           (3) If the officer or employee is receiving basic  
9 compensation immediately prior to the effective date of  
10 this section at a rate in excess of the maximum rate for  
11 his grade, he shall receive (A) the maximum rate for  
12 his grade in the new schedule, or (B) his existing rate  
13 of basic compensation if such existing rate is higher.

14           (4) If the officer or employee, immediately prior  
15 to the effective date of this section, is receiving, pursuant  
16 to section 2 (b) (4) of the Federal Employees Salary  
17 Increase Act of 1955, an existing aggregate rate of com-  
18 pensation determined under section 208 (b) of the Act  
19 of September 1, 1954 (68 Stat. 1111), plus subsequent  
20 increases authorized by law, he shall receive an aggre-  
21 gate rate of compensation equal to the sum of his existing  
22 aggregate rate of compensation, on the day preceding the  
23 effective date of this section, plus the amount of increase  
24 made by this section in the maximum rate of his grade,

1       until (i) he leaves his position, or (ii) he is entitled to  
2       receive aggregate compensation at a higher rate by rea-  
3       son of the operation of this Act or any other provision  
4       of law; but, when such position becomes vacant, the  
5       aggregate rate of compensation of any subsequent ap-  
6       pointee thereto shall be fixed in accordance with appli-  
7       cable provisions of law. Subject to clauses (i) and (ii)  
8       of the immediately preceding sentence of this para-  
9       graph, the amount of the increase provided by this sec-  
10      tion shall be held and considered for the purposes of  
11      section 208 (b) of the Act of September 1, 1954, to  
12      constitute a part of the existing rate of compensation  
13      of the employee.

14      NEW APPOINTMENTS UNDER CLASSIFICATION ACT OF 1949

15      SEC. 103. Section 801 of the Classification Act of 1949,  
16      as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new  
17      appointments, is amended by striking out "grade 13" and  
18      inserting in lieu thereof "grade 11".

19                      POSTAL FIELD SERVICE EMPLOYEES

20      SEC. 104. (a) Section 3542 (a) of title 39, United  
21      States Code, is amended to read as follows:

22      “(a) There is established a basic compensation schedule  
23      for positions in the postal field service which shall be known  
24      as the Postal Field Service Schedule and for which the sym-  
25      bol shall be ‘PFS’. Except as provided in sections 3543 and



1 3544 of this title, basic compensation shall be paid to all  
2 employees in accordance with such schedule.

“POSTAL FIELD SERVICE SCHEDULE

“PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1-----	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2-----	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3-----	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4-----	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5-----	5,697	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6-----	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,143	8,346
7-----	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	-----
8-----	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203	-----	-----
9-----	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960	-----	-----
10-----	8,345	8,628	8,911	9,194	9,477	9,760	10,043	10,326	10,609	10,892	-----	-----
11-----	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056	-----	-----
12-----	10,202	10,549	10,896	11,243	11,590	11,937	12,284	12,631	12,978	13,325	-----	-----
13-----	11,274	11,663	12,052	12,441	12,830	13,219	13,608	13,997	14,386	14,775	-----	-----
14-----	12,427	12,859	13,291	13,723	14,155	14,587	15,019	15,451	15,883	16,315	-----	-----
15-----	13,736	14,210	14,684	15,158	15,632	16,106	16,580	17,054	17,528	18,002	-----	-----
16-----	15,179	15,707	16,235	16,763	17,291	17,819	18,347	18,875	19,403	19,931	-----	-----
17-----	16,793	17,380	17,967	18,554	19,141	19,728	20,315	20,902	21,489	22,076	-----	-----
18-----	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065	-----	-----
19-----	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320	-----	-----	-----	-----
20-----	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----	-----	”.

3 (b) Section 3543 (a) of title 39, United States Code,  
4 is amended to read as follows:

5 “(a) There is established a basic compensation schedule  
6 which shall be known as the Rural Carrier Schedule and for  
7 which the symbol shall be ‘RCS’. Compensation shall be  
8 paid to rural carriers in accordance with this schedule.

“RURAL CARRIER SCHEDULE

	“Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum-----	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route-----	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles-----	25	25	25	25	25	25	25	25	25	25	25	25”.

9 (c) Section 3544 (a) of title 39, United States Code,  
10 is amended to read as follows:

11 “(a) There is established a basic compensation sched-  
12 ule, which shall be known as the Fourth Class Office Schedule

1 and for which the symbol shall be 'FOS', for postmasters in  
2 post offices of the fourth class, which is based on the revenue  
3 units of the post office for the preceding fiscal year. Basic  
4 compensation shall be paid to postmasters in post offices of  
5 the fourth class in accordance with this schedule.

"FOURTH CLASS OFFICE SCHEDULE

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36.....	\$4, 019	\$4, 152	\$4, 285	\$4, 418	\$4, 551	\$4, 684	\$4, 817	\$4, 950	\$5, 083	\$5, 216	\$5, 349	\$5, 482
24 but fewer than 30.....	3, 715	3, 837	3, 959	4, 081	4, 203	4, 325	4, 447	4, 569	4, 691	4, 813	4, 935	5, 057
18 but fewer than 24.....	3, 064	3, 168	3, 272	3, 376	3, 480	3, 584	3, 688	3, 792	3, 896	4, 000	4, 104	4, 208
12 but fewer than 18.....	2, 407	2, 485	2, 563	2, 641	2, 719	2, 797	2, 875	2, 953	3, 031	3, 109	3, 187	3, 265
6 but fewer than 12.....	1, 736	1, 791	1, 846	1, 901	1, 956	2, 011	2, 066	2, 121	2, 176	2, 231	2, 286	2, 341
Fewer than 6.....	1, 398	1, 443	1, 488	1, 533	1, 578	1, 623	1, 668	1, 713	1, 758	1, 803	1, 848	1, 893".

6 (d) The basic compensation of each employee subject  
7 to the Postal Field Service Schedule, the Rural Carrier  
8 Schedule, or the Fourth Class Office Schedule immediately  
9 prior to the effective date of this section shall be determined  
10 as follows:

11 (1) Each employee shall be assigned to the same  
12 numerical step for his position which he had attained  
13 immediately prior to such effective date. If changes in  
14 levels or steps would otherwise occur on such effective  
15 date without regard to enactment of this Act, such  
16 changes shall be deemed to have occurred prior to con-  
17 version.

18 (2) If the existing basic compensation is greater  
19 than the rate to which the employee is converted under



paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND  
SURGERY OF THE VETERANS' ADMINISTRATION

SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

**“§ 4107. Grades and pay scales**

“(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

**“SECTION 4103 SCHEDULE**

**“Assistant Chief Medical Director, \$25,890.**

**“Medical Director, \$22,760 minimum to \$25,800 maximum.**

**“Director of Nursing Service, \$17,550 minimum to \$23,013 maximum.**

1 "Director of Chaplain Service, \$17,550 minimum to  
2 \$23,013 maximum.

3 "Chief Pharmacist, \$17,550 minimum to \$23,013  
4 maximum.

5 "Chief Dietitian, \$17,550 minimum to \$23,013 maxi-  
6 mum.

7 "(b) (1) The grades and per annum full-pay ranges for  
8 positions provided in paragraph (1) of section 4104 of this  
9 title shall be as follows:

10 "PHYSICIAN AND DENTIST SCHEDULE

11 "Director grade, \$20,075 minimum to \$25,435 maxi-  
12 mum.

13 "Executive grade, \$18,730 minimum to \$24,355 maxi-  
14 mum.

15 "Chief grade, \$17,550 minimum to \$23,013 maximum.

16 "Senior grade, \$15,106 minimum to \$19,813 maximum.

17 "Intermediate grade, \$12,873 minimum to \$16,905  
18 maximum.

19 "Full grade, \$10,927 minimum to \$14,338 maximum.

20 "Associate grade, \$9,221 minimum to \$12,056 maxi-  
21 mum.

22 "NURSE SCHEDULE

23 "Assistant Director grade, \$15,106 minimum to \$19,813  
24 maximum.

25 "Chief grade, \$12,873 minimum to \$16,905 maximum.



14 “Senior grade, \$10,927 minimum to \$14,338 maximum.

15 “Intermediate grade, \$9,221 minimum to \$12,056  
16 maximum.

17 “Full grade, \$7,696 minimum to \$10,045 maximum.

18 “Associate grade, \$6,730 minimum to \$8,749 maximum.

19 “Junior grade, \$5,867 minimum to \$7,649 maximum.

20 “(2) No person may hold the director grade unless he  
21 is serving as a director of a hospital, domiciliary, center,  
22 or outpatient clinic (independent). No person may hold  
23 the executive grade unless he holds the position of chief of  
24 staff at a hospital, center, or outpatient clinic (independent).  
25 or the position of clinic director at an outpatient clinic, or  
14 comparable position.”

15 FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND

16 EMPLOYEES

17 SEC. 106. (a) The fourth sentence of section 412 of the  
18 Foreign Service Act of 1946, as amended (22 U.S.C. 867),  
19 is amended to read as follows: “The per annum salaries of  
20 Foreign Service officers within each of the other classes shall  
21 be as follows:

“Class 1.....	\$23, 935	\$24, 770	\$25, 890	-----	-----	-----	-----
Class 2.....	19, 504	20, 181	20, 858	\$21, 535	\$22, 212	\$22, 889	\$23, 566
Class 3.....	15, 841	16, 391	16, 941	17, 491	18, 041	18, 591	19, 141
Class 4.....	12, 873	13, 321	13, 769	14, 217	14, 665	15, 113	15, 561
Class 5.....	10, 602	10, 970	11, 338	11, 706	12, 074	12, 442	12, 810
Class 6.....	8, 843	9, 147	9, 451	9, 755	10, 059	10, 363	10, 667
Class 7.....	7, 473	7, 724	7, 975	8, 226	8, 477	8, 728	8, 979
Class 8.....	6, 451	6, 664	6, 877	7, 090	7, 303	7, 516	7, 729’.

1 (b) The second sentence of subsection (a) of section  
2 415 of such Act (22 U.S.C. 870 (a) ) is amended to read as  
3 follows: "The per annum salaries of such staff officers and  
4 employees within each class shall be as follows:

"Class 1-----	\$15, 841	\$16, 391	\$16, 941	\$17, 491	\$18, 041	\$18, 591	\$19, 141	\$19, 691	\$20, 241	\$20, 791
Class 2-----	12, 873	13, 321	13, 769	14, 217	14, 665	15, 113	15, 561	16, 009	16, 457	16, 905
Class 3-----	10, 602	10, 970	11, 338	11, 706	12, 074	12, 442	12, 810	13, 178	13, 546	13, 914
Class 4-----	8, 843	9, 147	9, 451	9, 755	10, 059	10, 363	10, 667	10, 971	11, 275	11, 579
Class 5-----	7, 974	8, 246	8, 518	8, 790	9, 062	9, 334	9, 606	9, 878	10, 150	10, 422
Class 6-----	7, 201	7, 441	7, 681	7, 921	8, 161	8, 401	8, 641	8, 881	9, 121	9, 361
Class 7-----	6, 614	6, 832	7, 050	7, 268	7, 486	7, 704	7, 922	8, 140	8, 358	8, 576
Class 8-----	5, 853	6, 051	6, 249	6, 447	6, 645	6, 843	7, 041	7, 239	7, 437	7, 635
Class 9-----	5, 341	5, 517	5, 693	5, 869	6, 045	6, 221	6, 397	6, 573	6, 749	6, 925
Class 10-----	4, 776	4, 936	5, 096	5, 256	5, 416	5, 576	5, 736	5, 896	6, 056	6, 216''.

5 (c) Foreign Service officers, Reserve officers, and For-  
6 eign Service staff officers and employees who are entitled to  
7 receive basic compensation immediately prior to the effective  
8 date of this section at one of the rates provided by section  
9 412 or 415 of the Foreign Service Act of 1946 shall receive  
10 basic compensation, on and after such effective date, at the  
11 rate of their class determined to be appropriate by the  
12 Secretary of State.

13 AGRICULTURAL STABILIZATION AND CONSERVATION

14 COUNTY COMMITTEE EMPLOYEES

15 SEC. 107. The rates of compensation of persons em-  
16 ployed by the county committees established pursuant to  
17 section 8 (b) of the Soil Conservation and Domestic Allot-  
18 ment Act (16 U.S.C. 590h (b) ) shall be increased by  
19 amounts equal, as nearly as may be practicable, to the  
20 increases provided by section 102 (a) of this title for cor-  
21 responding rates of compensation.



## 1       SALARY RATES FIXED BY ADMINISTRATIVE ACTION

2       SEC. 108. (a) The rates of basic compensation of assist-  
3   ant United States attorneys whose basic salaries are fixed  
4   pursuant to section 508 of title '28, United States Code, shall  
5   be increased, effective on the effective date of section 102  
6   of this title, by amounts equal, as nearly as may be prac-  
7   ticable, to the increases provided by section 102 (a) of this  
8   title for corresponding rates of compensation.

9       (b) Notwithstanding section 3679 of the Revised  
10   Statutes, as amended (31 U.S.C. 665), the rates of com-  
11   pensation of officers and employees of the Federal Govern-  
12   ment and of the municipal government of the District of  
13   Columbia whose rates of compensation are fixed by adminis-  
14   trative action pursuant to law and are not otherwise increased  
15   by this Act are hereby authorized to be increased, effective  
16   on the effective date of section 102 of this title, by amounts  
17   not to exceed the increases provided by this title for cor-  
18   responding rates of compensation in the appropriate schedule  
19   or scale of pay.

20       (c) Nothing contained in this section shall be held or  
21   considered to authorize any increase in the rates of com-  
22   pensation of officers and employees whose rates of compen-  
23   sation are fixed and adjusted from time to time as nearly  
24   as is consistent with the public interest in accordance with  
25   prevailing rates or practices.

1 (d) Nothing contained in this section shall affect the  
2 authority contained in any law pursuant to which rates of  
3 compensation may be fixed by administrative action.

4 EFFECTIVE DATES

5 SEC. 109. This title shall become effective as follows:

6 (1) This section and sections 101, 103, and 108  
7 shall become effective on the date of enactment of this  
8 Act.

9 (2) Sections 102, 104, 105, 106, and 107 shall  
10 become effective on the first day of the first pay period  
11 which begins on or after July 1, 1966.

12 TITLE II—JUDICIAL BRANCH

13 SHORT TITLE

14 SEC. 201. This title may be cited as the “Federal Judi-  
15 cial Salary Act of 1966”.

16 JUDICIAL BRANCH EMPLOYEES

17 SEC. 202. (a) The rates of basic compensation of offi-  
18 cers and employees in or under the judicial branch of the  
19 Government whose rates of compensation are fixed by or  
20 pursuant to paragraph (2) of subdivision a of section 62 of  
21 the Bankruptcy Act (11 U.S.C. 102 (a) (2) ), section 3656  
22 of title 18, United States Code, the third sentence of section  
23 603, sections 671 to 675, inclusive, or section 604 (a) (5),  
24 of title 28, United States Code, insofar as the latter section  
25 applies to graded positions, are hereby increased by amounts



1 reflecting the respective applicable increases provided by sec-  
2 tion 102 (a) of title I of this Act in corresponding rates of  
3 compensation for officers and employees subject to the Classi-  
4 fication Act of 1949, as amended. The rates of basic com-  
5 pensation of officers and employees holding ungraded posi-  
6 tions and whose salaries are fixed pursuant to such section  
7 604 (a) (5) may be increased by the amounts reflecting the  
8 respective applicable increases provided by section 102 (a)  
9 of title I of this Act in corresponding rates of compensation  
10 for officers and employees subject to the Classification Act  
11 of 1949, as amended.

12 (b) The limitations provided by applicable law on  
13 the effective date of this section with respect to the aggregate  
14 salaries payable to secretaries and law clerks of circuit and  
15 district judges are hereby increased by amounts which re-  
16 flect the respective applicable increases provided by section  
17 102 (a) of title I of this Act in corresponding rates of com-  
18 pensation for officers and employees subject to the Classifica-  
19 tion Act of 1949, as amended.

20 (c) Section 753 (e) of title 28, United States Code (re-  
21 lating to the compensation of court reporters for district  
22 courts), is amended by striking out the existing salary limi-  
23 tation contained therein and inserting a new limitation  
24 which reflects the respective applicable increases provided by  
25 section 102 (a) of title I of this Act in corresponding rates

1 of compensation for officers and employees subject to the  
2 Classification Act of 1949, as amended.

3 EFFECTIVE DATES

4 SEC. 203. This title shall become effective as follows:

5 (1) This section and section 201 shall become  
6 effective on the date of enactment of this Act.

7 (2) Section 202 shall become effective on the first  
8 day of the first pay period which begins on or after  
9 July 1, 1966.

10 TITLE III—LEGISLATIVE BRANCH

11 SHORT TITLE

12 SEC. 301. This title may be cited as the “Federal Legis-  
13 lative Salary Act of 1966”.

14 LEGISLATIVE BRANCH EMPLOYEES

15 SEC. 302. (a) Except as otherwise provided in this title,  
16 each officer or employee in or under the legislative branch of  
17 the Government, whose rate of compensation is increased by  
18 section 5 of the Federal Employees Pay Act of 1946, shall  
19 be paid additional compensation at the rate of 2.9 per centum  
20 of his gross rate of compensation (basic compensation plus  
21 additional compensation authorized by law).

22 (b) The total annual compensation in effect immediately  
23 prior to the effective date of this section of each officer or  
24 employee of the House of Representatives, whose compensa-  
25 tion is disbursed by the Clerk of the House of Representatives



1 and is not increased by reason of any other provision of this  
2 section, shall be increased by 2.9 per centum. Notwithstand-  
3 ing section 303 of this title or any other provision of this  
4 section, the total annual compensation of the Clerk of the  
5 House of Representatives and the Sergeant at Arms of the  
6 House of Representatives, respectively, shall be an amount  
7 which is equal to the total annual compensation of the Secre-  
8 tary of the Senate and the Sergeant at Arms of the Senate,  
9 respectively.

10 (c) The rates of compensation of employees of the  
11 House of Representatives whose compensation is fixed by  
12 the House Employees Schedule under the House Employees  
13 Position Classification Act (78 Stat. 1079-1084; Public  
14 Law 88-652; 2 U.S.C. 291-303), including each employee  
15 subject to such Act whose compensation is fixed at a saved  
16 rate, are hereby increased by amounts equal, as nearly as  
17 may be practicable, to the increases provided by subsection  
18 (a) of this section.

19 (d) The basic compensation of each employee on the  
20 rolls on July 1, 1966, whose compensation is paid from the  
21 clerk hire of a Member of the House of Representatives or  
22 the Resident Commissioner from Puerto Rico is hereby ad-  
23 justed, effective on July 1, 1966, to the lowest multiple of  
24 \$5 which will provide a gross rate of compensation not less  
25 than the gross rate such employee was receiving immediately

1 prior to such date, except that the foregoing provision of  
2 this sentence shall not apply with respect to an employee  
3 if, on or before July 10, 1966, the Member or Resident  
4 Commissioner by whom such employee is employed trans-  
5 mits to the Clerk of the House of Representatives written  
6 notice to the effect that he does not wish such provision  
7 to apply to such employee. If, before the expiration of the  
8 period within which such notice may be given, such Member  
9 or Resident Commissioner dies without having transmitted  
10 such notice, such notice shall be considered to have been  
11 transmitted.

12 (e) The additional compensation provided by this sec-  
13 tion shall be considered a part of basic compensation for the  
14 purposes of the Civil Service Retirement Act (5 U.S.C.  
15 2251 and following).

16 (f) This section shall not apply with respect to the  
17 compensation of student congressional interns authorized by  
18 House Resolution 416, Eighty-ninth Congress, and the com-  
19 pensation of employees whose compensation is fixed by the  
20 House Wage Schedule under the House Employees Position  
21 Classification Act.

22 SALARY INCREASE LIMITATION

23 SEC. 303. No rate of compensation shall be increased,  
24 by reason of the enactment of this title, to an amount in



1 excess of the salary rate now or hereafter in effect for  
2 level V of the Federal Executive Salary Schedule.

### 3 EFFECTIVE DATES

4 SEC. 304. This title shall become effective as follows:

5 (1) This section and section 301 shall become effective  
6 on the date of enactment of this Act.

7 (2) Sections 302 and 303 shall become effective on  
8 the first day of the first pay period which begins on or  
9 after July 1, 1966.

### 10 TITLE IV—MISCELLANEOUS PROVISIONS

#### 11 SALARY STEPS FOR CERTAIN EMPLOYEES TRANSFERRED TO

#### 12 POSTAL FIELD SERVICE

13 SEC. 401. Section 3551 of title 39, United States Code,  
14 is amended by adding at the end thereof the following new  
15 subsection:

16 “(c) The Postmaster General may appoint or advance  
17 any Federal employee who, together with his function, is  
18 transferred, prior to, on, or after the date of enactment of this  
19 subsection, to a post office or other postal installation at or  
20 to (1) the minimum rate for his position, or (2) any higher  
21 rate for his position which is less than one full step above the  
22 highest rate of compensation received by him immediately  
23 prior to such transfer.”.

## 1 POSTAL SENIORITY ADJUSTMENTS

2 SEC. 402. Section 3552 (d) of title 39, United States  
3 Code, is amended to read as follows:

4 “(d) Notwithstanding any other provision of this sec-  
5 tion, the Postmaster General shall advance any employee in  
6 the postal field service who—

7 “(1) was promoted to a higher level between July  
8 9, 1960, and October 13, 1962; and

9 “(2) is senior with respect to total postal service  
10 to an employee in the same post office promoted to the  
11 same level on or after October 13, 1962, and is in a  
12 step in the same level below the step of the junior  
13 employee.

14 Such advancement by the Postmaster General shall be to the  
15 highest step which is held by any such junior employee.  
16 Any increase under the provisions of this subsection shall not  
17 constitute an equivalent increase and credit earned prior to  
18 adjustment under this subsection for advancement to the  
19 next step shall be retained.”.

## 20 SPECIAL DELIVERY MESSENGERS

21 SEC. 403. Section 3542 (c) of title 39, United States  
22 Code, is amended—



(1) by striking out “7 cents per mile or major fraction thereof” and inserting in lieu thereof “10 cents per mile or major fraction thereof”; and

(2) by striking out “90 cents per hour” and inserting in lieu thereof “\$1.25 per hour”.

#### OVERTIME

SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

(1) by inserting “or in excess of eight hours in a day” immediately following “in excess of forty hours in any administrative workweek”; and

(2) by striking out “grade GS-9”, wherever occurring therein, and inserting in lieu thereof “grade GS-10”.

(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out “grade GS-9” and inserting in lieu thereof “grade GS-10”.

(c) Subsections (b) and (c) of section 3573 of title 39, United States Code, are amended by striking out “level PFS-7” and “level PFS-8”, wherever appearing therein, and inserting in lieu thereof “level PFS-10” and “level PFS-11”, respectively.

1       (d) Subsection (a) of section 3575 of title 39, United  
2 States Code, is amended to read as follows:

3       “(a) Sections 3571, 3573, and 3574 of this title do not  
4 apply to postmasters, rural carriers, and postal inspectors.”

5                               SUNDAY PREMIUM PAY

6       SEC. 405. (a) The heading of title III of the Federal  
7 Employees Pay Act of 1945, as amended, is amended to  
8 read as follows:

9       “TITLE III—COMPENSATION FOR NIGHT,  
10                               SUNDAY, AND HOLIDAY WORK”

11       (b) Section 302 of such Act, as amended (5 U.S.C.  
12 922), is redesignated as section 303 of such Act.

13       (c) Title III of such Act, as amended (5 U.S.C. 921  
14 and following), is amended by inserting immediately follow-  
15 ing section 301 thereof the following:

16                               “COMPENSATION FOR SUNDAY WORK

17       “SEC. 302. All work not exceeding eight hours which  
18 is not overtime work as defined in section 201 of this Act  
19 and which is performed within the period commencing at  
20 midnight Saturday and ending at midnight Sunday shall be  
21 compensated at the rate of basic compensation of the officer  
22 or employee performing such work on Sunday plus premium  
23 compensation at a rate equal to 25 per centum of his rate  
24 of basic compensation.”

25       (d) Section 401 (1) of such Act, as amended (5



1 U.S.C. 926 (1) ), is amended by inserting “, Sunday,” im-  
2 mediately following the word “night”.

3 (e) Section 401 (2) of such Act, as amended (5 U.S.C.  
4 926 (2) ), is amended by inserting “, on Sundays,” imme-  
5 diately following the words “duty at night”.

6 (f) The first paragraph of section 23 of the Independent  
7 Offices Appropriation Act, 1935, as amended (5 U.S.C.  
8 673c), is amended by inserting immediately before the period  
9 at the end thereof the following: “: *Provided further*, That  
10 employees subject to this section whose regular work sched-  
11 ule includes an eight-hour period of service any part of which  
12 is within the period commencing at midnight Saturday and  
13 ending at midnight Sunday shall be paid extra compensation  
14 at the rate of 25 per centum of his hourly rate of basic com-  
15 pensation for each hour of work performed during such  
16 eight-hour period of service”.

17 HEALTH AND INSURANCE COVERAGE FOR CERTAIN EM-  
18 PLOYEES ON LEAVE WITHOUT PAY

19 SEC. 406. (a) Section 6 of the Federal Employees’  
20 Group Life Insurance Act of 1954, as amended (5 U.S.C.  
21 2095), is amended by adding at the end thereof the follow-  
22 ing new subsection:

23 “(d) Notwithstanding the foregoing, an officer or em-  
24 ployee who enters on approved leave without pay to serve

1 as a full-time officer or employee of an organization composed  
2 primarily of employees, as defined in section 2 of this Act,  
3 may, within sixty days after entering on such leave without  
4 pay, elect to continue his insurance and arrange to pay cur-  
5 rently into the fund, through his employing agency, both  
6 employee and agency contributions. If he does not so elect,  
7 his insurance will continue during nonpay status and termi-  
8 nate as provided in subsection (a) of this section. The  
9 employing agency shall forward the premium payments to  
10 the fund established by section 5 of this Act.”

11 (b) Section 7 (b) of the Federal Employees Health  
12 Benefits Act of 1959, as amended (5 U.S.C. 3006 (b) ), is  
13 amended—

14 (1) by inserting “(1)” immediately following  
15 “(b)” ; and

16 (2) by adding at the end thereof the following new  
17 paragraph:

18 “(2) An employee who enters on approved leave with-  
19 out pay to serve as a full-time officer or employee of an or-  
20 ganization composed primarily of employees, as defined in  
21 section 2 of this Act, may, within sixty days after entering  
22 on such leave without pay, file with his employing agency  
23 an election to continue his health benefits coverage and  
24 arrange to pay currently into the fund, through his em-  
25 ploying agency, both employee and agency contributions.



1 If he does not so elect, his coverage will terminate as spec-  
2 ified in paragraph (1) and implementing regulations. The  
3 employing agency shall forward the enrollment charges so  
4 paid to the fund.”

5 (c) An officer or employee who is on approved leave  
6 without pay and serving as a full-time officer or employee  
7 of an organization composed primarily of employees, as de-  
8 fined in section 2 of the Federal Employees’ Group Life In-  
9 surance Act of 1954, as amended (5 U.S.C. 2091), or sec-  
10 tion 2 of the Federal Employees Health Benefits Act of  
11 1959, as amended (5 U.S.C. 3001), as the case may be,  
12 may, within sixty days after the date of enactment of this  
13 Act, file with his employing agency an election to continue  
14 any insurance, or health benefits coverage, or both, that he  
15 has on the date of enactment of this Act, and arrange  
16 to pay currently into the employees’ life insurance fund  
17 and the employees’ health benefits fund, as appropriate,  
18 both employee and agency contributions. The employ-  
19 ing agency shall forward such payments to the em-  
20 ployees’ life insurance fund and the employees’ health bene-  
21 fits fund, as appropriate. If he does not so elect, any life  
22 insurance and health benefits coverage will continue and  
23 terminate as for other employees in nonpay status.

24 (d) The United States Civil Service Commission is

1 authorized to issue regulations to carry out the purposes of  
2 this section and the amendments made by this section.

3 INCREASE IN UNIFORM ALLOWANCES

4 SEC. 407. The Federal Employees Uniform Allowance  
5 Act, as amended (5 U.S.C. 2131-2133), is amended by  
6 adding at the end thereof the following new section:

7 "SEC. 405. Notwithstanding any other provision of this  
8 title, each of the respective maximum uniform allowances in  
9 effect on April 1, 1966, for the respective categories of em-  
10 ployees to whom uniform allowances are paid under this  
11 title are hereby increased, subject to the maximum allow-  
12 ance authorized by this title, as follows:

13 "(1) If the maximum uniform allowance is \$100  
14 or more, such allowance shall be increased by 25 per  
15 centum.

16 "(2) If the maximum uniform allowance is \$75 or  
17 more but less than \$100, such allowance shall be in-  
18 creased by 30 per centum.

19 "(3) If the maximum uniform allowance is \$50 or  
20 more but less than \$75, such allowance shall be increased  
21 by 35 per centum.

22 "(4) If the maximum uniform allowance is less



1       than \$50, such allowance shall be increased by 40 per  
2       centum.

3       Such maximum uniform allowances, as in effect on April 1,  
4       1966, and as increased by this section, shall not be reduced.”.

#### 5                               EFFECTIVE DATES

6       SEC. 408. This title shall become effective as follows:

7               (1) This section and sections 401, 402, 406, and  
8       407 shall become effective on the date of enactment of  
9       this Act.

10              (2) Sections 403, 404, and 405 shall become ef-  
11       fective on the first day of the first pay period which  
12       begins on or after July 1, 1966.

#### 13                   TITLE V—CIVIL SERVICE RETIREMENT

##### 14                               SHORT TITLE

15       SEC. 501. This title may be cited as the “Civil Service  
16       Retirement Act Amendments of 1966”.

##### 17                               DEFINITIONS

18       SEC. 502. (a) Section 1 (j) of the Civil Service Retire-  
19       ment Act (5 U.S.C. 2251 (j)) is amended to read as  
20       follows:

21              “(j) The term ‘child’, for purposes of section 10 (d),

1 shall mean an unmarried child, including (1) an adopted  
2 child, and (2) a stepchild or recognized natural child who  
3 lived with the employee or Member in a regular parent-child  
4 relationship, under the age of eighteen years, or such un-  
5 married child regardless of age who because of physical or  
6 mental disability incurred before age eighteen is incapable  
7 of self-support, or such unmarried child between eighteen  
8 and twenty-two years of age who is a student regularly pur-  
9 suing a full-time course of study or training in residence in a  
10 high school, trade school, technical or vocational institute,  
11 junior college, college, university, or comparable recognized  
12 educational institution. A child who is a student shall not be  
13 deemed to have ceased to be a student during any interim  
14 between school years, semesters, or terms if the interim, or  
15 other period of nonattendance, does not exceed four calendar  
16 months and if he shows to the satisfaction of the Commission  
17 that he has a bona fide intention of continuing to pursue such  
18 course during the school year, semester, or term immediately  
19 following the interim. The term 'child', for purposes of sec-  
20 tion 11, shall include an adopted child and a natural child,  
21 but shall not include a stepchild."

22 (b) Section 1 of such Act (5 U.S.C. 2251) is further  
23 amended by adding at the end thereof the following new  
24 subsection:

25 "(u) The term 'minimum annuity base' shall mean the



- 1 amount in column II on the line on which in column I of the  
 2 following table appears the employee's average salary:

"TABLE FOR DETERMINING MINIMUM ANNUITY BASE AND MAXIMUM GUARANTEE

I (Average salary)		II (Minimum annuity base)	III (Maximum guarantee)
If an employee's average salary (as determined under subsection (e)) is—		The amount referred to in the preceding paragraph of this subsection shall be—	And the maximum guarantee (as provided in section 9(m)) shall be—
At least—	But less than—		
	\$816	\$528	\$792
\$816	840	540	816
840	852	552	828
852	876	564	852
876	900	576	864
900	924	588	888
924	948	600	900
948	972	612	924
972	984	624	936
984	1,008	636	960
1,008	1,032	648	972
1,032	1,056	660	996
1,056	1,080	672	1,008
1,080	1,092	684	1,032
1,092	1,116	696	1,044
1,116	1,140	708	1,068
1,140	1,164	720	1,080
1,164	1,176	732	1,104
1,176	1,200	744	1,116
1,200	1,224	756	1,140
1,224	1,236	768	1,152
1,236	1,260	780	1,176
1,260	1,284	792	1,200
1,284	1,296	816	1,212
1,296	1,320	828	1,236
1,320	1,368	840	1,248
1,368	1,428	852	1,272
1,428	1,476	864	1,296
1,476	1,536	876	1,308
1,536	1,596	888	1,332
1,596	1,644	900	1,344
1,644	1,704	912	1,368
1,704	1,764	924	1,404
1,764	1,812	936	1,440
1,812	1,872	948	1,488
1,872	1,932	960	1,536
1,932	1,980	972	1,572
1,980	2,040	984	1,620
2,040	2,100	1,008	1,668
2,100	2,148	1,020	1,704
2,148	2,208	1,032	1,752
2,208	2,268	1,044	1,800
2,268	2,328	1,056	1,848
2,328	2,376	1,068	1,896
2,376	2,436	1,080	1,944
2,436	2,496	1,092	1,992
2,496	2,544	1,104	2,028
2,544	2,604	1,116	2,076
2,604	2,664	1,128	2,124
2,664	2,712	1,140	2,160
2,712	2,772	1,152	2,208
2,772	2,832	1,164	2,256
2,832	2,880	1,188	2,292
2,880	2,940	1,200	2,340
2,940	3,000	1,212	2,388
3,000	3,048	1,224	2,424
3,048	3,108	1,236	2,472
3,108	3,168	1,248	2,520
3,168	3,216	1,260	2,568
3,216	3,276	1,272	2,616
3,276	3,336	1,284	2,664
3,336	3,384	1,296	2,700
3,384	3,444	1,308	2,748
3,444	3,504	1,320	2,796
3,504	3,552	1,332	2,832
3,552	3,612	1,344	2,880
3,612	3,672	1,368	2,928
3,672	3,720	1,380	2,964
3,720	3,780	1,392	3,012
3,780	3,840	1,404	3,060
3,840	3,888	1,416	3,096
3,888	3,948	1,428	3,144
3,948	4,008	1,440	3,192
4,008	4,056	1,452	3,240
4,056	4,116	1,464	3,288
4,116	4,176	1,476	3,336
4,176	4,224	1,488	3,372
4,224	4,284	1,500	3,420
4,284	4,344	1,512	3,468
4,344	4,392	1,524	3,504

“TABLE FOR DETERMINING MINIMUM ANNUITY BASE AND MAXIMUM GUARANTEE—  
Continued

I (Average salary)		II (Minimum annuity base)	III (Maximum guarantee)
If an employee's average salary (as determined under subsection (e)) is—		The amount referred to in the preceding paragraph of this subsection shall be—	And the maximum guarantee (as provided in section 9(m)) shall be—
At least—	But less than—		
\$4,392	\$4,452	\$1,536	\$3,552
4,452	4,512	1,560	3,576
4,512	4,560	1,572	3,600
4,560	4,620	1,584	3,624
4,620	4,680	1,596	3,648
4,680	4,728	1,608	3,660
4,728	4,788	1,620	3,684
4,788	4,848	1,632	3,708
4,848	4,896	1,644	3,732
4,896	4,956	1,656	3,756
4,956	5,016	1,668	3,780
5,016	5,064	1,680	3,792
5,064	5,124	1,692	3,816
5,124	5,184	1,704	3,840
5,184	5,244	1,716	3,864
5,244	5,292	1,728	3,888
5,292	5,352	1,740	3,912
5,352	5,412	1,752	3,936
5,412	5,460	1,764	3,960
5,460	5,520	1,776	3,984
5,520	5,580	1,788	4,008
5,580	5,628	1,800	4,020
5,628	5,688	1,812	4,044
5,688	5,748	1,824	4,068
5,748	5,796	1,836	4,092
5,796	5,856	1,848	4,116
5,856	5,916	1,860	4,140
5,916	5,964	1,872	4,152
5,964	6,024	1,884	4,176
6,024	6,084	1,896	4,200
6,084	6,132	1,908	4,224
6,132	6,192	1,920	4,248
6,192	6,252	1,932	4,272
6,252	6,300	1,944	4,296
6,300	6,360	1,956	4,320
6,360	6,420	1,968	4,344
6,420	6,468	1,980	4,356
6,468	6,528	1,992	4,380
6,528	6,588	2,004	4,404
6,588		2,016	4,416"

1        RETIREMENT COVERAGE FOR CERTAIN EMPLOYEES ON  
2                                LEAVE WITHOUT PAY  
3        SEC. 503. Section 3 of the Civil Service Retirement  
4 Act (5 U.S.C. 2253) is amended by adding at the end  
5 thereof the following new subsection:  
6        “(k) (1) An employee who enters on approved leave  
7 without pay to serve as a full-time officer or employee of an  
8 organization composed primarily of employees, as defined in  
9 section 1 (a) of this Act, may, within sixty days after enter-  
10 ing on such leave without pay, file with his employing  
11 agency an election to receive full retirement credit for his



1 periods of such leave without pay and arrange to pay cur-  
2 rently into the fund, through his employing agency, amounts  
3 equal to the retirement deductions which would be applicable  
4 if he were in pay status. An employee who is on approved  
5 leave without pay and serving as a full-time officer or em-  
6 ployee of such an organization on the date of enactment of  
7 this subsection may similarly elect within sixty days after  
8 such date of enactment. If the election provided by this  
9 paragraph is not made, the employee shall receive credit  
10 for such periods of leave without pay as provided in the sec-  
11 ond sentence of section 3 (c) of this Act.

12 “(2) An employee may deposit with interest an amount  
13 equal to retirement deductions representing periods of ap-  
14 proved leave without pay while serving, prior to the date  
15 of enactment of this subsection, as a full-time officer or  
16 employee of an organization composed primarily of em-  
17 ployees, as defined in section 1 (a) of this Act, and may  
18 receive full retirement credit for such periods of leave with-  
19 out pay. In the event of his death, a survivor as defined in  
20 section 1 (o) of this Act may make such deposit. If the  
21 deposit described in this paragraph is not made, retirement  
22 credit shall be allowed in accordance with the second sen-  
23 tence of section 3 (c) of this Act.”

## 1 IMMEDIATE RETIREMENT

2 SEC. 504. (a) Section 6 (a) of the Civil Service Retire-  
3 ment Act (5 U.S.C. 2256 (a)) is amended to read as  
4 follows:

5 “(a) Any employee who attains the age of fifty-five  
6 years and completes thirty years of service shall, upon sep-  
7 aration from the service, be paid an annuity computed as  
8 provided in section 9.”

9 (b) Section 6 (b) of such Act (5 U.S.C. 2256 (b)) is  
10 amended to read as follows:

11 “(b) Any employee who attains the age of sixty years  
12 and completes twenty years of service shall, upon separation  
13 from the service, be paid an annuity computed as provided  
14 in section 9.”

15 (c) Section 6 (f) of such Act (5 U.S.C. 2256 (f)) is  
16 amended—

17 (1) by inserting in the third sentence thereof im-  
18 mediately following the words “Any Member” the  
19 words “or former Member”; and

20 (2) by adding immediately following the third sen-  
21 tence thereof the following new sentence: “For the pur-  
22 poses of the immediately preceding sentence, service in  
23 an office or position in the executive branch of the Gov-  
24 ernment of the United States, including each corpora-



tion owned or controlled by such Government, which terminates after March 31, 1966, shall be held and considered to be Member service.”.

#### ANNUITY COMPUTATION

SEC. 505. (a) Section 9 (c) of the Civil Service Retirement Act (5 U.S.C. 2259 (c) ) is amended by striking out in the second sentence thereof the words “from the service” and inserting in lieu thereof “or, if he elects to have his annuity computed or recomputed pursuant to section 13 (c) of this Act following service in an appointive position which terminates after March 31, 1966, the basic salary he is receiving at the time of separation from such appointive position, whichever is the greater”.

(b) Section 9 (d) of such Act (5 U.S.C. 2259 (d) ) is amended to read as follows:

“(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (d) , shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6 (f) or the third sentence of section 8 (b) , shall be reduced by one-twelfth of 1 per centum for each full month not in excess of

1 sixty, and one-sixth of 1 per centum for each full month in  
2 excess of sixty, such Member is under the age of sixty years  
3 at date of separation.”

4 (c) Section 9 of such Act (5 U.S.C. 2259) is amended  
5 by adding at the end thereof the following subsections:

6 “(j) If after 1966 an employee retires under section  
7 6 or 7, his annuity shall be at least the smallest of (1) the  
8 minimum annuity base (as determined under section 1 (u) ),  
9 or (2) the sum necessary to increase to such minimum an-  
10 nuity base the product of twelve times any monthly Social  
11 Security Act benefit to which he is entitled or to which he  
12 would be entitled upon proper application, or (3) 80 per  
13 centum of the average salary; however, for an employee  
14 retiring under section 6, this proviso shall not apply to his  
15 annuity for any month prior to the month in which he attains  
16 age 65.

17 “(k) If after 1966 an employee dies after completing at  
18 least five years of civilian service or dies, having retired after  
19 1966 under section 6 or 7, the annuity granted to the widow  
20 or dependent widower of such employee under section 10 (c)  
21 or to the surviving wife or husband under section 10 (a) shall  
22 be at least the smallest of (1) 75 per centum of the minimum  
23 annuity base, for any month prior to the month in which  
24 such survivor attains the age of 62, and  $82\frac{1}{2}$  per centum of



1 the minimum annuity base, for any month thereafter, or (2)  
2 the sum necessary to increase to such amount the product of  
3 twelve times any monthly Social Security Act benefit to  
4 which such survivor is entitled or to which he or she would be  
5 entitled upon proper application, or (3) 80 per centum of  
6 the average salary. This subsection shall not apply to the  
7 annuity of any survivor of any employee for any month  
8 prior to the month in which he or she attains age 62, unless  
9 for that month an annuity is payable to at least one child  
10 of the employee under section 10 (d) , and unless the youngest  
11 such child has not attained the age of 18 prior to that month;  
12 except that this subsection shall apply if for that month an  
13 annuity is payable to at least one unmarried child of the  
14 employee under section 10 (d) who had attained age 18 prior  
15 to that month but is incapable of self-support because of  
16 physical or mental disability incurred before age 18. This  
17 subsection shall not apply in the case of a surviving wife or  
18 husband under section 10 (a) (1) where the retired em-  
19 ployee did not elect to provide a survivor annuity or elected  
20 one based on less than the full amount of his annuity.

21 “(1) If after 1966 an employee dies after completing  
22 at least five years of civilian service, or an employee who  
23 retired after 1966 under section 6 or 7 dies, the annuity  
24 granted to each surviving child under section 10 (d) shall

1 be at least the smallest of (1) 75 per centum of the minimum  
2 annuity base, or (2) the sum necessary to increase to such  
3 amount the product of twelve times any monthly Social  
4 Security Act benefit to which such child is entitled or to  
5 which he would be entitled upon proper application, or (3)  
6 80 per centum of the average salary.

7 “(m) Whenever the total of annuities payable to all  
8 survivors of an employee or annuitant is greater than (1)  
9 the amount appearing in column III of the table in section  
10 1 (u) on the line on which appears in column I his average  
11 salary, minus (2) the product of twelve times the sum of all  
12 monthly Social Security Act benefits to which all such sur-  
13 vivors are entitled or to which they would be entitled upon  
14 proper application, the annuities payable under subsections  
15 (k) and (l) shall be reduced proportionately to such amounts;  
16 however, this subsection shall not act to reduce the annuity  
17 of any survivor payable without regard to subsections (k)  
18 and (l).

19 “(n) Subsections (j), (k), (l), and (m) of this section  
20 shall not apply in the case of any alien employed outside  
21 a State of the United States, the District of Columbia,  
22 Puerto Rico, the Virgin Islands, Guam, and American  
23 Samoa.”



## SURVIVOR ANNUITIES

SEC. 506. (a) Section 10 (a) (2) of the Civil Service Retirement Act (5 U.S.C. 2260 (a) (2) ) is amended to read as follows:

“(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor’s remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor’s death or remarriage.”

(b) The last sentence of section 10 (c) of such Act (5 U.S.C. 2260 (c) ) is amended to read as follows: “The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower’s becoming capable of self-support.”

1       (c) Section 10 (d) of such Act (5 U.S.C. 2260 (d) )  
2 is amended to read as follows:

3       “(d) If an employee or a Member dies after complet-  
4 ing at least five years of civilian service, or an employee or a  
5 Member dies after having retired under any provision of this  
6 Act, and is survived by a wife or by a husband, each sur-  
7 viving child shall be paid an annuity equal to the smallest  
8 of (1) 40 per centum of the employee’s or Member’s aver-  
9 age salary divided by the number of children, (2) \$600, or  
10 (3) \$1,800 divided by the number of children, subject to  
11 the provisions of section 18. If such employee or Member  
12 is not survived by a wife or husband, each surviving child  
13 shall be paid an annuity equal to the smallest of (1) 50 per  
14 centum of the employee’s or Member’s average salary  
15 divided by the number of children, (2) \$720, or (3) \$2,160  
16 divided by the number of children, subject to the provisions  
17 of section 18. The child’s annuity shall commence on the  
18 day after the employee or Member dies or the first day of  
19 the month in which the child later becomes or again becomes  
20 a student as described in section 1 (j) , provided the lump-  
21 sum credit, if paid, is returned to the fund. Such annuity  
22 granted under this Act or under the Act of May 29, 1930,  
23 as amended from and after February 28, 1948, or any right  
24 thereto shall terminate on the last day of the month before  
25 (1) the child’s attaining age eighteen unless he is then a



1 student as described or incapable of self-support, (2) his  
2 becoming capable of self-support after attaining age eighteen  
3 unless he is then such a student, (3) his attaining age  
4 twenty-two if he is then such a student and not incapable  
5 of self-support, (4) his ceasing to be such a student after  
6 attaining age eighteen unless he is then incapable of self-  
7 support, (5) his marriage, or (6) his death, whichever first  
8 occurs. Upon the death of the surviving wife or husband  
9 or termination of the child's annuity, the annuity of any  
10 other child or children shall be recomputed and paid as  
11 though such wife, husband, or child had not survived the  
12 employee or Member."

13 (d) Section 10 of such Act (5 U.S.C. 2260) is amended  
14 by adding at the end thereof the following subsection:

15 " (f) In the case of a surviving spouse whose annuity  
16 under this section is hereafter terminated because of remar-  
17 riage before attaining age sixty, annuity at the same rate  
18 shall be restored commencing on the day such remarriage  
19 is dissolved by death, annulment, or divorce: *Provided*, That  
20 (1) said surviving spouse elects to receive such annuity  
21 in lieu of any survivor benefit to which he or she may be  
22 entitled, under this or any other retirement system established  
23 for employees of the Government, by reason of the remarriage  
24 and (2) any lump sum paid upon termination of the annuity  
25 is returned to the fund."

## 1 RECOMPUTATION OF CERTAIN ANNUITIES

2 SEC. 507. Effective July 1, 1966, the annuity of—

3 (1) each retired employee who retired under the  
4 Civil Service Retirement Act on or after April 1, 1948,  
5 and prior to October 11, 1962, and who elected a re-  
6 duction in his or her annuity in order to provide a sur-  
7 vivor annuity for his or her spouse,

8 (2) each survivor designated by an individual who  
9 retired under such Act as described in subparagraph  
10 (1) of this section, and

11 (3) each surviving spouse whose entitlement to  
12 annuity under such Act resulted from the death of an  
13 employee on or after February 29, 1948, and prior to  
14 October 11, 1962,

15 shall be recomputed and paid as if the formula enacted by  
16 section 1103 of the Postal Service and Federal Employees  
17 Salary Act of 1962 (76 Stat. 870; Public Law 87-793) had  
18 been in effect on the date of such retirement or death. No  
19 decrease shall be made, by reason of the enactment of this  
20 section, in the annuity received by any person immediately  
21 prior to July 1, 1966, or the annuity which any person may  
22 be entitled to receive immediately prior to such date. The  
23 annuity of a child shall not be affected by reason of the  
24 enactment of this section. No annuity shall be paid, by rea-



1 son of the enactment of this section, for any period prior to  
2 the date of such enactment.

3 EFFECTIVE DATES

4 SEC. 508. (a) Except as otherwise provided—

5 (1) this section, section 507, and subsections 1 (j),  
6 3 (k), 6 (a), 6 (b), 6 (f), 9 (c), 9 (d), 10 (a) (2),  
7 10 (c), 10 (d), and 10 (f) of the Civil Service Retirement  
8 Act, as enacted or amended by this title, shall be-  
9 come effective on the date of enactment of this Act.

10 (2) subsection (u) of section 1, and subsections  
11 (j), (k), (l), (m), and (n) of section 9, of such Act,  
12 as enacted by this title, shall become effective on Janu-  
13 ary 1, 1967.

14 (b) The amendments made by this title, except the  
15 amendment to section 1 (j) of the Civil Service Retirement  
16 Act, shall not apply in the cases of persons retired or other-  
17 wise separated prior to these respective effective dates, and  
18 the rights of such persons and their survivors shall continue  
19 in the same manner and to the same extent as if this title  
20 had not been enacted.

21 (c) The amendment made by this title to section 1 (j)  
22 of the Civil Service Retirement Act shall become effective  
23 with respect to the children of persons retired or otherwise  
24 separated prior to, on, or after the date of enactment of this

1 Act, except that no annuity shall be paid by reason of this  
2 amendment for any period prior to the date of its enactment.

3 MISCELLANEOUS

4 SEC. 509. The provisions under the heading "CIVIL  
5 SERVICE RETIREMENT AND DISABILITY FUND" in title I  
6 of the Independent Offices Appropriation Act, 1959 (72  
7 Stat. 1064; Public Law 85-844), shall not apply with  
8 respect to benefits resulting from the enactment of this Act.

9 TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS  
10 GOVERNMENT CONTRIBUTIONS

11 SEC. 601. Subsection (a) of section 7 of the Federal  
12 Employees Health Benefits Act of 1959, as amended (73  
13 Stat. 713; 5 U.S.C. 3006 (a)), is amended to read as  
14 follows:

15 " (a) (1) Except as provided in paragraph (2) of this  
16 subsection, the biweekly Government contribution for health  
17 benefits for employees or annuitants enrolled in health bene-  
18 fits plans under this Act, in addition to the contributions re-  
19 quired by paragraph (3), shall be \$1.62 if the enrollment  
20 is for self alone or \$3.94 if the enrollment is for self and  
21 family, commencing with the first pay period beginning on  
22 or after July 1, 1966.

23 " (2) For an employee or annuitant enrolled in a plan  
24 for which the biweekly subscription charge is less than twice



1 the Government contribution established under paragraph  
2 (1) of this subsection, the Government contribution shall  
3 be 50 per centum of the subscription charge, commencing  
4 with the first pay period beginning on or after July 1, 1966.”

89<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 14122**

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# **A BILL**

To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

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By Mr. MORRISON

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MARCH 30, 1966

Referred to the Committee on Post Office and Civil  
Service









# DIGEST of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
FOR INFORMATION ONLY;  
(NOT TO BE QUOTED OR CITED)

Issued April 1, 1966  
For actions of March 31, 1966  
89th-2nd; No. 56

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HIGHLIGHTS: House committee reported food for India resolution. House committee reported Interior appropriation bill (includes Forest Service). House committee voted to report Federal pay-fringe benefits bill. Rep. Trimble criticized Soil Conservation Service budget cuts. Rep. Multer urged permanent school milk program. Rep. Resnick commended proposed child nutrition program. House subcommittee voted to report bill to authorize economic emergency loans to farmers.

### HOUSE

1. FOOD FOR INDIA. The Agriculture Committee reported with amendments H. J. Res. 997, to support U. S. participation in relieving victims of hunger in India and to enhance India's capacity to meet the nutritional needs of its people (H. Rept. 1408) (p. 7000). Rep. Albert stated this resolution will be taken up under motion to suspend the rules on Mon. (p. 6968). Rep. Green, Ore., commended the measure and inserted items commending the President's message on food for India (pp. 6992-3).

2. PERSONNEL; PAY. The Post Office and Civil Service Committee voted to report (but did not actually report) with amendment H. R. 14122, to adjust the rates of basic compensation of certain Federal employees (p. D279). The committee was granted permission to report the bill by midnight Apr. 1 (p. 6948). Rep. Albert stated the bill will be taken up under motion to suspend the rules on Mon. (p. 6968).
3. SMALL BUSINESS. By a vote of 372 to 0, passed with amendments S. 2729, to increase by \$125 million the authorization of the Small Business Administration for the amount of loans and commitments that may be outstanding in its regular business loan program, disaster loan program, prime contract authority, and title IV loans under the Economic Opportunity Act. pp. 6949-67
4. FOREIGN AID. The Armed Services Committee reported without amendment H. R. 12617, to provide additional funds for the economic and social development of the Ryukyu Islands (H. Rept. 1406). p. 7000
5. DEFENSE PRODUCTION. The Banking and Currency Committee was granted permission to file a report by midnight, Apr. 2, on H. R. 14025, to extend the Defense Production Act. p. 6948
6. SOIL CONSERVATION. Rep. Trimble criticized budget cuts for the Soil Conservation Service, particularly for soil surveys and "the limitations for watershed planning and watershed construction starts." pp. 6969-70
7. SCHOOL MILK. Rep. Multer criticized the school milk program budget cut and urged enactment of legislation to provide a permanent school milk program. p. 6986
8. CHILD NUTRITION. Rep. Resnick commended the proposed Child Nutrition Act of 1966, particularly the proposed pilot breakfast program for school children. p. 6988
9. LANDS. Received from Interior a proposed bill "to establish a nationwide system of trails"; to Interior and Insular Affairs Committee. p. 7000
10. CATTLE HIDES. Reps. Edmondson and Andrews, N. Dak., criticized the imposition of export quotas on cattle hides by the Commerce Department. pp. 6947, 6948
11. TOBACCO. Rep. Kornegay criticized the speech of the chairman of the Federal Communications Commission critical of cigarette advertising practices of the broadcast industry. p. 6972
12. LEGISLATIVE PROGRAM. Rep. Albert stated that the food for India resolution and the Federal pay-fringe benefits bill will be considered Mon. under motions to suspend the rules, and the Private Calendar will be called and the Interior appropriation bill will be considered Tues. He stated any roll call votes on Mon. and Tues. will be put over until Wed. pp. 6968-9
13. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1967. The Appropriations Committee reported this bill, H. R. 14215 (H. Rept. 1405), which includes items for the Forest Service as shown in the table at the end of this Digest. Excerpts from the Committee report are also attached. The bill includes appropriations for the Land and Water Conservation Fund, which provides \$13,093,000





United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 89<sup>th</sup> CONGRESS, SECOND SESSION

Vol. 112

WASHINGTON, THURSDAY, MARCH 31, 1966

No. 56

## Senate

The Senate was not in session today. Its next meeting will be held on Friday, April 1, 1966, at 12 o'clock meridian.

## House of Representatives

THURSDAY, MARCH 31, 1966

The House met at 12 o'clock noon.

Rev. Victor S. Koontz, First Christian Church, Disciples of Christ, Hooversville, Pa., offered the following prayer:

Almighty God, Fountainhead of all wisdom, Creator of all existence, Author of life, and Preserver of peace, grant this day the visitation of Thy Holy Spirit upon the deliberations of this body as it seeks to unite our great Nation in the common good for all.

Give to each legislator wisdom and harmony in cooperating with and in the support of the interests of Thy people at home and abroad. May the actions of this assembly today become the will of God, the consent of the governed, and the choice of all who seek freedom.

Bless every effort expended toward the causes of man's questing for truth, justice, and peace with all others whom Thou hast fashioned after Thyself. Through Jesus, the Christ, our Lord, we pray. Amen.

### THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

### SUBCOMMITTEE ON MINES AND MINING, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent that the subcommittee on mines and mining of the Committee on Interior and Insular Affairs may sit during general debate this afternoon.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

### EXPORT-CONTROL ORDER ON HIDES

(Mr. EDMONDSON asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Speaker, several days ago eight Members of the House joined in a request to three of the major committees of this body to investigate certain aspects of the recent export-control order on hides. Our request followed information which was supplied to us by the Secretary of Commerce in a meeting in the office of the gentleman from Georgia [Mr. FLYNT] that the price on military shoes was expected to go up or was already up about \$1.75 a pair notwithstanding what they thought was a commitment by shoe manufacturers to hold the price of shoes down if they were able to get controls on exports of hides.

Since that time the Washington Star on March 29 has announced a 4½-percent price increase by two major shoe companies in St. Louis.

The gentleman from Georgia [Mr. FLYNT] has also received information from the Defense Supply Agency that the price for low-quarter shoes to the Army is going up from \$5.75 to \$8.75 on July 1, 1966, an increase of more than 50 percent in the price of low-quarter military shoes.

Now very obviously there needs to be an investigation of what appears to be war profiteering by some shoe companies, especially in view of the export-control orders which were placed on hides. I think the export-control orders should be terminated without delay and I think the shoe companies should be brought before the proper congressional committee and a thorough investigation conducted.

### WHY SAVE HAIPHONG?

(Mr. RIVERS of South Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RIVERS of South Carolina. Mr. Speaker, not very long ago I made the statement on my own responsibility that there was on the high seas a Soviet ship which I conjectured was headed for Haiphong.

In order to keep the American people properly informed I would like to report to the House—and the American people—the fact that the Soviet ship *Sovetsk* arrived in Haiphong Harbor at 1:35 p.m., Saigon time, on March 23, or 10:35 a.m., March 24, Washington time.

This ship—I am reliably informed—is reportedly carrying 2 MI-6 Soviet helicopters.

These helicopters are reportedly the largest in the world, and have a lift and carrying capacity far in excess of anything we possess.

I saw them at the Paris Air Show last year.

They are big—and they are reportedly efficient.

If my information is correct, their delivery to the North Vietnamese—through Haiphong Harbor—and the courtesy of the sanctuary we have so far provided—will improve the supply situation of the Vietcong by a very considerable amount.

I continue to ask the question, "Why save Haiphong? Why save Haiphong?"

### PLEASE—NO BULLETS FROM OUR FRIENDS

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, our Government does not control the policies of the West German Government. Nevertheless, I hope that strong representations are being made to the West Germans against their plans to help build a steel mill in Red China. It should be very plain that the Red Chinese Government is a belligerent one, which is agitating



the conflict in South Vietnam. It is known that the Red Chinese are the principal source of weapons and ammunition which are being used by the Vietcong and North Vietnamese against our forces there. It is also known that Red Chinese labor forces in numbers estimated at 20,000 to 35,000 are in North Vietnam, helping to build, maintain, and repair roads, railroads, and bridges, which keep open the supply lines and troop routes to South Vietnam for the Communist forces.

A steel mill in Red China will certainly contribute to the economic strength of that nation and directly or indirectly to Red China's ability to provide weapons of war. It is very likely that American dollars spent for the development of West Germany would also contribute to build the steel mill in Red China. There is equal likelihood that such a steel mill would provide bullets to kill Americans in South Vietnam, or it would free other facilities to do so. It is not in any sense, in the best interest of the free world for this mill to be built. There is even less reason for a leading nation in the free world forces to make construction of the mill possible.

#### COMMITTEE ON BANKING AND CURRENCY

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight Saturday, April 2, 1966, to file a report on H.R. 14025, to extend the Defense Production Act of 1950, and for other purposes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### THE LATE HONORABLE ALBERT THOMAS

(Mr. MAHON asked and was given permission to address the House for 1 minute and to revise and extend his remarks, and to include extraneous matter.)

Mr. MAHON. Mr. Speaker, at its meeting on March 25 the Committee on Appropriations adopted a set of resolutions memorializing the life and service of our late beloved colleague, the Honorable Albert Thomas, of Texas. I insert a copy of the resolutions in the Record at this point so that they may be included in the permanent compilation of eulogies on our departed colleague.

#### A RESOLUTION BY THE COMMITTEE ON APPROPRIATIONS CONCERNING THE LIFE AND SERVICE OF THE LATE HONORABLE ALBERT THOMAS OF TEXAS

Whereas on the morning of Tuesday, the 15th of February 1966, the Honorable Albert Thomas of Texas, in his 30th consecutive year as a Member of the House of Representatives in the service of his country, crossed the great threshold in response to a call from his Maker; and

Whereas for more than a quarter of a century Congressman Albert Thomas served diligently and faithfully as a member of the Committee on Appropriations, providing outstanding service in the administration of the budgetary and appropriation processes of the

Nation, accumulating a fund of knowledge about the operations of the agencies and departments of Government; and

Whereas Congressman Albert Thomas, combining this vast fund of knowledge with gifts of persuasion and great courage, was a tireless and talented legislator, an effective leader, who with force of character tempered by a just spirit of mind and heart, walked the corridors of power nobly; and

Whereas in the words of the late President Kennedy, Congressman Albert Thomas was characterized as a statesman with "a young man's interest in the future and a young man's hope for his country" who not only represented his district with distinction but also served well the United States; and

Whereas in the words of President Johnson, "of the qualities that made Albert Thomas a remarkable man, devotion to the people he served and loyalty to his friends stand higher than all": Now, therefore, be it

*Resolved*, That we, the members of the Committee on Appropriations, recognize that in the passing of our colleague, Albert Thomas, we have lost a courageous leader and beloved friend; and be it further

*Resolved*, That we extend our deepest sympathy to his wife and other members of his family; and, therefore, be it further

*Resolved*, That these resolutions be entered in the journal of this committee, a copy sent to Mrs. Thomas, and that the chairman of the Committee on Appropriations arrange to include a copy of these resolutions in the ceremonial proceedings of the House of Representatives.

#### THE STATE OF ISRAEL

(Mr. MULTER asked and was given permission to address the House for 1 minute.)

Mr. MULTER. Mr. Speaker, on Monday, the 25th day of April 1966, which is equivalent to the 5th day of Iyar in the Hebrew calendar, the State of Israel will celebrate its 18th year of independence. I intend to ask for a special order on that day—I am sure that many of our colleagues will desire to extend their greetings and felicitations to this new State, the bastion of democracy in the Middle East. I welcome their participation in my special order on April 25.

#### COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs may have until midnight Friday, April 1, to file a report on H.R. 7406.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### WAR PROFITEERING IN THE SHOE INDUSTRY

(Mr. ANDREWS of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANDREWS of North Dakota. Mr. Speaker, earlier this week I joined with eight other Members of the House in a bipartisan appeal for an inquiry into the war profiteering that seems to exist in the shoe industry. Many of us in livestock areas have been shocked at the imposition of hide quotas by the De-

partment of Commerce which are damaging greatly the economic stability of the livestock industry, which will cause an increase in the price of meat to the housewife, and which also harms our balance-of-payments position in the world.

In light of the Secretary of Commerce's supposed encouragement for American businessmen to seek cash export markets, we are at a loss to determine the reason for this arbitrary order. We had a conference with the Secretary and a number of individuals from the Department of Commerce last Monday, and the major reason they gave for this hide export quota was the fact that the price of military footwear had gone up approximately \$1.75 per pair during the 7-month period from August 1965 to March 1966. They went from approximately \$6.25 to \$8 per pair. Information we have just received indicates that the price increase was even greater than the one the Secretary mentioned—all contrasting to approximately a 5-percent increase for civilian footwear for the same period of time.

Few Members of this House have any time for those who would profiteer in war and if this profiteering is the reason for the hide export order, certainly both the profiteering and the export order should be stopped immediately. I am happy to join my friend and colleague, Ed EDMONDSON, in calling this serious matter to the attention of the House.

#### BOYCOTT OF TRADE WITH RED CHINA

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, at long last the administration has moved boldly to persuade our free world allies to boycott trade with Red China. Last week, the Treasury announced that it had negotiated agreements with Britain, Belgium, France, Japan, South Korea, Hong Kong, India, and Taiwan to ban from their exports to the United States wigs made from human hair obtained in Red China, North Korea and North Vietnam. That is cooperation with a vengeance.

Let me suggest that the administration got its signals crossed. The problem of free world trade with our Communist enemies is not to keep false hair—Red hair, if you like—off the heads of American women but to grow real hair on the chest of the State Department.

#### COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. MORRISON. Mr. Speaker, I ask unanimous consent that the House Post Office and Civil Service Committee may have until midnight Friday, April 1, 1966, to file a report on H.R. 14122, to adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.



eign Assistance Act of 1961; and H.R. 12450, to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward internal and external security. Testimony was heard from Gen. Lyman L. Lemnitzer, Supreme Allied Commander, Europe.

#### NATO CRISIS

*Committee on Foreign Affairs:* Subcommittee on Europe met in executive session and continued on the crisis in NATO. Testimony was heard from Gen. Lyman L. Lemnitzer, Supreme Allied Commander, Europe.

#### PENDING LEGISLATION

*Committee on Government Operations:* Subcommittee on Research and Technical Programs met in executive session on pending legislation. No final action was taken.

#### STOCKPILE PROGRAM

*Committee on Interior and Insular Affairs:* Subcommittee on Mines and Mining met in executive session on the stockpile program as it relates to minerals and metals and as it affects the domestic mining industry. Testimony was heard from Franklin B. Dryden, Acting Director, OEP; Anthony M. Solomon, Assistant Secretary of State for Economic Affairs, Department of State; John G. Harlan, Jr., Commissioner, Defense Materials Service; Alexander B. Trowbridge, Assistant Secretary of Commerce for Domestic and International Business; and Paul H. Riley, Deputy Assistant Secretary of Defense for Materiel Requirements.

#### HEALTH PERSONNEL TRAINING ACT

*Committee on Interstate and Foreign Commerce:* Concluded hearings on H.R. 13196, the Allied Health Professions Personnel Training Act of 1966. Testimony was heard from public witnesses.

#### STATE TAXATION

*Committee on the Judiciary:* Special Subcommittee on State Taxation of Interstate Commerce continued hearings on H.R. 11798, the Interstate Taxation Act. Testimony was heard from Gov. William H. Avery of Kansas; and public witnesses.

#### PRIVATE CLAIMS BILLS

*Committee on the Judiciary:* Subcommittee No. 2 heard testimony on several private claims bills.

#### COPYRIGHT LAW REVISION

*Committee on the Judiciary:* Subcommittee No. 3 met in executive session and continued on H.R. 4347, regarding copyright law revision. No final action was taken.

#### PENDING LEGISLATION

*Committee on the Judiciary:* Subcommittee No. 4 met in executive session on pending legislation. No final action was taken.

#### MARITIME EDUCATION AND TRAINING

*Committee on Merchant Marine and Fisheries:* Special Subcommittee on Maritime Education and Training held a hearing on maritime education and training. Testimony was heard from Capt. Lynn Parker, Chief, Merchant Vessel Personnel Division, USCG.

#### FEDERAL PAY RAISE

*Committee on Post Office and Civil Service:* Met in executive session and ordered reported favorably to the House the following bills:

H.R. 14122 (amended), to adjust the rates of basic compensation of certain employees of the Federal Government; and

S. 2573, to validate the action of the Acting Superintendent, Yosemite National Park, in extending the 1955 leave year for certain Federal employees.

#### TOLL FACILITIES

*Committee on Public Works:* Special Subcommittee on the Federal-Aid Highway Program and the Subcommittee on Roads, continued joint hearings on the relationship of toll facilities to the Federal-aid highway program. Testimony was heard from public witnesses.

#### NASA APPROPRIATIONS AUTHORIZATION

*Committee on Science and Astronautics:* Subcommittee on Manned Space Flight continued hearings on H.R. 12718, to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities and administrative operations. Testimony was heard from Dr. George E. Mueller, Associate Administrator, Manned Space Flight.

#### LEGISLATIVE RECOMMENDATIONS

*Committee on Veterans' Affairs:* Met in open session and heard the national commander of AMVETS and the vice president of Paralyzed Veterans of America, give legislative recommendations of their organizations.

#### FEDERAL UNEMPLOYMENT BENEFITS

*Committee on Ways and Means:* Met in executive session and continued on H.R. 8282, the Federal unemployment adjustment benefits program. No announcements were made.

### *Joint Committee Meetings*

#### ORGANIZATION OF CONGRESS

*Joint Committee on the Organization of Congress:* Committee continued in executive session to consider various proposals for changes in organization of the Congress, but made no announcements, and recessed subject to call.

#### MANPOWER

*Joint Hearing:* Subcommittee on Employment and Manpower of the Senate Committee on Labor and Public



*Next meeting of the SENATE*

12:00 noon, Friday, April 1

*Next meeting of the HOUSE OF REPRESENTATIVES*

12:00 noon, Monday, April 4

Welfare continued its joint hearings with the Select Subcommittee on Labor of the House Committee on Education and Labor on S. 2974 and H.R. 13037, to provide for more effective development and utilization of the Nation's manpower resources, and S. 3032 and H.R. 13362, to improve operations of the Federal-State employment system, having as its witnesses H. Fred Garrett, department of employment, State of Idaho, representing the Interstate Conference of Employment Security Agencies; and Marion Williamson, Employment Security Agency, Atlanta, Ga.

Hearings continue on Monday, April 4, when OEO Director R. Sargent Shriver, Jr., will be heard.

**BILLS SIGNED BY THE PRESIDENT****New Laws**

(For last listing of public laws, see DIGEST, p. D273, March 30, 1966)

H.R. 1647, authorizing payment of back pay and restoration of employment benefits to certain Government employees who were improperly deprived thereof by unwarranted personnel action. Signed March 30, 1966 (P.L. 89-380).

H.R. 12762, authorizing funds for procurement of Coast Guard vessels, aircraft, and shore facilities. Signed March 30, 1966 (P.L. 89-381).

H.R. 7526, to strike 100,000 medals in commemoration of the 250th anniversary of the founding of San Antonio. Signed March 31, 1966 (P.L. 89-382).

**COMMITTEE MEETINGS FOR FRIDAY, APRIL 1**

(All meetings are open unless otherwise designated)

**Senate**

*Committee on Appropriations*, Subcommittee, on fiscal 1967 budget estimates for Labor-HEW, on funds for the Welfare Administration, 10 a.m., 1318 New Senate Office Building.

*Committee on Interior and Insular Affairs*, on the nomination of Robert Bennett, to be Commissioner of Indian Affairs, In-

terior Department, to be followed by executive session on this nomination and on S. 2999, relating to water rights under the Southern Nevada Project Act, 10 a.m., 3110 New Senate Office Building.

*Committee on Labor and Public Welfare*, Subcommittee on Education, on S. 3046, and related bills strengthening and improving programs of assistance for elementary and secondary schools, 10 a.m., 4232 New Senate Office Building.

**House**

*Committee on Agriculture*, executive, to continue consideration of H.R. 12152, to amend the Agricultural Trade Development and Assistance Act of 1954; H.R. 12784, to authorize the Commodity Credit Corporation to establish and maintain reserves of agricultural commodities to protect consumers; and H.R. 12785, and related bills, to promote international trade in agricultural commodities, to combat hunger and malnutrition, and to further economic development, 10 a.m., 1301 Longworth House Office Building.

*Committee on Appropriations*, Subcommittee on Defense, executive, 10 a.m., H-140 U.S. Capitol Building.

Subcommittee on the District of Columbia, executive, 1 p.m., H-302 U.S. Capitol Building.

*Committee on Banking and Currency*, to continue consideration of S. 2499, to provide for the sale of participations in Small Business Administration loan pools, 10 a.m., 2128 Rayburn House Office Building.

*Committee on Education and Labor*, Task Force on International Education, to continue on H.R. 12451, the International Education Act of 1966, 9:30 a.m., 2257 Rayburn House Office Building.

*Committee on Interior and Insular Affairs*, Subcommittee on Mines and Mining, executive, to continue questioning departmental witnesses on stockpile program as it relates to minerals and metals and as it affects the domestic mining industry, 9:45 a.m., 1324 Longworth House Office Building.

*Committee on the Judiciary*, Special Subcommittee on State Taxation of Interstate Commerce, to continue consideration of H.R. 11798, the Interstate Taxation Act, 10 a.m., 2141 Rayburn House Office Building.

*Committee on Post Office and Civil Service*, Subcommittee on Retirement, Insurance, and Health Benefits, to consider H.R. 13723, to strengthen the financial condition of the employees' life insurance fund created by the Federal Employees' Group Life Insurance Act of 1954, to provide certain adjustments in amounts of group life and group accidental death and dismemberment insurance under such act, 10 a.m., 346 Cannon House Office Building.



# Congressional Record

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Price	St Germain	Thomas
Pucinski	St. Onge	Thompson, N.J.
Quile	Saylor	Thomson, Wis.
Quillen	Scheuer	Trimble
Race	Schisler	Tuck
Randall	Schmidhauser	Tunney
Redlin	Schneebeil	Tupper
Rees	Schweiker	Udall
Reid, Ill.	Secrest	Ullman
Reid, N.Y.	Selden	Utt
Reifel	Shipley	Van Deerlin
Reinecke	Shriver	Vanik
Resnick	Sikes	Vivian
Reuss	Sisk	Waggonner
Rhodes, Ariz.	Skubitz	Walker, Miss.
Rhodes, Pa.	Slack	Walker, N. Mex.
Rivers, S.C.	Smith, Calif.	Watson
Rivers, Alaska	Smith, Va.	Weltner
Roberts	Springer	White, Idaho
Robison	Stafford	White, Tex.
Rodino	Staggers	Whitener
Rogers, Colo.	Stalbaum	Whitten
Rogers, Fla.	Stanton	Widnall
Rogers, Tex.	Steed	Williams
Ronan	Stephens	Wilson, Bob
Roncallo	Stratton	Wolf
Rooney, Pa.	Stubblefield	Wright
Rosenthal	Sullivan	Wyatt
Rostenkowski	Sweeney	Wylder
Roudebush	Talcott	Yates
Roush	Taylor	Young
Roybal	Teague, Calif.	Younger
Ryan	Teague, Tex.	Zablocki
Satterfield	Tenzer	

## NAYS—0

## NOT VOTING—60

Ayres	Evans, Colo.	O'Brien
Barrett	Fallon	Purcell
Blatnik	Feighan	Rooney, N.Y.
Boggs	Flynt	Rumsfeld
Bolling	Ford	Scott
Burleson	William D.	Senner
Burton, Utah	Frelinghuysen	Sickles
Cabell	Fuqua	Smith, Iowa
Cameron	Gettys	Smith, N.Y.
Carter	Hardy	Thompson, Tex.
Celler	Hays	Todd
Chelf	Herlong	Toll
Clark	Johnson, Pa.	Tuten
Colmer	Keogh	Vigorito
Conyers	Leggett	Watkins
Craley	Long, La.	Watts
Dawson	McCarthy	Whalley
de la Garza	MacGregor	Willis
Dent	Matthews	Wilson,
Dingell	Murray	Charles H.
Dowdy	Nix	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Frelinghuysen.  
 Mr. Rooney of New York with Mr. Watkins.  
 Mr. Toll with Mr. Whalley.  
 Mr. Todd with Mr. Rumsfeld.  
 Mr. Fallon with Mr. Ayres.  
 Mr. Scott with Mr. Carter.  
 Mr. Barrett with Mr. Johnson of Pennsylvania.  
 Mr. Nix with Mr. de la Garza.  
 Mr. Feighan with Mr. Smith of New York.  
 Mr. Burleson with Mr. Burton of Utah.  
 Mr. Smith of Iowa with Mr. MacGregor.  
 Mr. Senner with Mr. Cabell.  
 Mr. Fuqua with Mr. Tuten.  
 Mr. Leggett with Mr. Watts.  
 Mr. Matthews with Mr. Charles H. Wilson.  
 Mr. Boggs with Mr. Sickles.  
 Mr. Hays with Mr. Blatnik.  
 Mr. Hardy with Mr. Clark.  
 Mr. Celler with Mr. Colmer.  
 Mr. Long of Louisiana with Mr. Vigorito.  
 Mr. Gettys with Mr. O'Brien.  
 Mr. Purcell with Mr. Willis.  
 Mr. Chelf with Mr. Dingell.  
 Mr. McCarthy with Mr. Dawson.  
 Mr. Evans with Mr. Dowdy.  
 Mr. Herlong with Mr. Cameron.  
 Mr. Craley with Mr. Conyers.  
 Mr. Dent with Mr. William D. Ford.  
 Mr. Flynt with Mr. Thompson of Texas.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

## GENERAL LEAVE TO EXTEND

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and to include extraneous matter upon the legislation just considered.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

## PERSONAL ANNOUNCEMENT

(Mr. CONYERS (at the request of Mr. STRATTON) was granted permission to extend his remarks at this point in the RECORD.)

Mr. CONYERS. Mr. Speaker, due to a longstanding speaking engagement outside of Washington, I will be unable to be present this afternoon when the House considers S. 2729 so I want to take this opportunity to indicate my support for the bill. The series of natural disasters which occurred throughout the country last year demonstrated the need to separate the natural disaster loan program of the Small Business Administration from the regular loan programs so that natural disasters, such as Hurricane Betsy, do not in the future completely disrupt the regular SBA loan programs.

However, I would like to point out that just before adjournment of the first session, Congress passed special legislation replacing the funds committed for the emergency loans. However, there is still a moratorium in effect on most types of SBA loans. The reason for this moratorium is, therefore, not the disasters of last year, as many people have thought, but is instead due to the fact that the important SBA loan programs are just not being adequately funded. Of particular concern to me is the fact that the special program of loans to businesses, which are either operated by or which employ poverty-stricken people has been severely restricted even though this program was exempted from the general moratorium on SBA loans. This special program, authorized by title IV of the Economic Opportunity Act, has been restricted to just a very few areas in the United States, a ceiling of \$15,000 per loan has been imposed though the law authorized loans up to \$25,000, and the program has been administered quite restrictively in determining eligibility for loans.

I strongly urge the Bureau of the Budget and the relevant committees of the Congress to greatly increase the amount of funds budgeted for the Small Business Administration loan programs, particularly title IV loans. Though measures such as S. 2729 and other bills now pending before the Banking and Currency Committee will be of some help in dealing with the crisis situation facing SBA, the only real answer is to drastically increase the budget for the Small Business Administration.

## COMPENSATION OF OVERSEAS TEACHERS

Mr. UDALL. Mr. Speaker, I call up the Conference Report on H.R. 6845, to

correct inequities with respect to the basic compensation of teachers and teaching positions under the Defense Department Overseas Teachers Pay and Personnel Practices Act, ask for its immediate consideration, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of March 24, 1966.)

Mr. UDALL (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, will the gentleman from Arizona yield for a question?

Mr. UDALL. Mr. Speaker, I yield to the gentleman from Michigan, the distinguished minority leader.

Mr. GERALD R. FORD. Will the gentleman from Arizona tell us the differences between the bill that passed the House and the bill as passed by the other body?

Mr. UDALL. As the gentleman from Michigan will recall, we passed this bill last August. The other body passed it with two differences. The House version had a mandatory rotation feature. With certain exceptions overseas teachers would have to return to this country and teach for at least 1 year before they could return to a position overseas. The other body struck out this mandatory rotation provision.

Mr. Speaker, the second change was that their version of the bill would have made it effective last September, at the beginning of the current school year. The version of the other body makes the bill effective on the first pay period after enactment, which would be some time during the month of April, if the version of the other body were accepted.

In the conference, essentially, we accepted the provisions of the other body in both respects, the effective date, for one, and under the conference report that effective date will be the first pay period after enactment. But in accepting the elimination of the mandatory overseas rotation feature by the other body we agreed on language in the report and we worked out very carefully, in consultation with the Department of Defense, a voluntary system under which they will encourage the program of placing these teachers in schools in the United States, and they are to report to the Senate and the House committees annually.

Mr. Speaker, with respect to certain teachers who have been overseas for an extended period of time, they will report how many are involved in that category, and also report how many have been overseas for a brief period of time, as well as precisely what they have done



with respect to setting up this voluntary system of rotation.

Mr. GERALD R. FORD. Mr. Speaker, if the gentleman will yield further, I still believe that mandatory rotation would have been desirable. I admit that there was some administrative problem involved, and a problem which could have presented some difficulty, inasmuch as the overseas dependents school system has really no connection with any school system in this country. So there was no place where these teachers from overseas could have been automatically placed in a school system in this country.

I do feel that the proposal that has been worked out by the conferees, if administered in good faith, will probably achieve the objectives that many of us felt were necessary.

I am particularly pleased that there is this annual reporting system to the House and Senate committees.

Mr. UDALL. Mr. Speaker, I want to say that I fully agree with the gentleman's suggestion. I believe the House has won substantially what it sought, and that is some assurance that we will not have teachers overseas who stay there for years and years, and lose contact with groups in this country engaged in education and politics, in science, and in the atmosphere of this country.

So, Mr. Speaker, it is my belief that under this agreement we have reached with the Department of Defense, the language we have written into the report, we have achieved substantially what we sought to achieve. I will say in this connection that the gentleman from Michigan [Mr. GERALD R. FORD] has had a most constructive attitude throughout the consideration of this legislation, and I do not believe we could have worked out this legislation in the form it is now, and have resolved this problem and have cured this great inequity that exists, with respect to the overseas teachers, without the gentleman's support, and I want to thank the gentleman for it.

Mr. GERALD R. FORD. I thank the gentleman from Arizona.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. I want to join with the distinguished minority leader in the remarks that he has made, and say that as one of the conferees on this bill I was disappointed in that there was not some mandatory rotation written into the legislation.

It does contain some mandatory provisions. However, I believe the gentleman from Arizona will agree that it is the understanding that the working of this bill will be carefully watched, and, if in the future it is necessary to come to the House with some form of mandatory legislation, we will undertake its enactment.

Mr. UDALL. The gentleman from Iowa has stated my position. We have discussed it along these lines and I believe that we will be able to work out something with the Department of Defense which in good faith they will be able to carry out.

However, Mr. Speaker, if there should be any difficulty in the future, as chairman of the subcommittee which originated this legislation, it would certainly be my intention to pursue it further, and perhaps write some provisions that would be mandatory.

Mr. GROSS. I thank the gentleman from Arizona.

Mr. GERALD R. FORD. Mr. Speaker, with the gentleman yield further?

Mr. UDALL. I yield further to the gentleman from Michigan.

Mr. GERALD R. FORD. Mr. Speaker, I believe I can speak for the two conferees from our side, and say that the gentleman from Arizona was very cooperative with all of us—myself, and the two of them—and took a very constructive attitude in trying to resolve the problem favorably so that we could get this legislation back to the House of Representatives.

Mr. UDALL. I thank the gentleman for his generous statement.

Mr. GERALD R. FORD. And, if the gentleman will yield further, the gentleman not only kept us informed, but the gentleman sat down with us to work out some of these problems, I wish to compliment him for his effort in making this legislation a reality.

Mr. UDALL. The gentleman from Michigan has brought my day to a very pleasant close, and I thank the gentleman for his very generous remarks.

Mr. MATSUNAGA. Mr. Speaker, as a member of the subcommittee which considered the original House bill, providing for equitable salary increases and adjustment for overseas teachers, I am pleased with the conference report, and urge its adoption.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

#### LEGISLATIVE PROGRAM FOR WEEK OF APRIL 4

(Mr. GERALD R. FORD asked and was given permission to address the House for 1 minute.)

Mr. GERALD R. FORD. Mr. Speaker, I have asked for this time for the purpose of asking the distinguished majority leader about the program for the remainder of the week and for next week.

Mr. ALBERT. Mr. Speaker, will the distinguished minority leader yield?

Mr. GERALD R. FORD. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, in response to the inquiry of the gentleman from Michigan, the distinguished minority leader, we have finished the legislative program for this week and at the conclusion of the announcement of the program, I shall ask that the House adjourn over to Monday.

The program for next week is as follows:

Monday is Consent Calendar Day.

Also on Monday there are 19 bills to be considered under suspension of the rules. Of course, these bills may not be called up in the order in which I an-

nounce them, but as we have them listed these bills are as follows:

1. H.R. 14122: Federal Salary and Fringe Benefits Act of 1966.

2. H.J. Res. 997: Supporting U.S. participation in relieving victims of hunger in India.

3. H.R. 1791: Great Salt Lake Lands, Utah.

4. S. Con. Res. 71: Regarding invitation for the 1972 Winter Olympic Games in Utah.

5. H.J. Res. 837: Proclaim State and Municipal Bond Week.

6. H.R. 13365: To authorize the disposal of metallurgical grade chromite from the national stockpile and the supplemental stockpile. (Amended.)

Mr. Speaker, the succeeding bills numbered 7 to 18 on this list all deal with stockpile disposals and related matters, and are as follows:

7. H.R. 13367: To authorize the disposal of acid grade fluorspar from the national stockpile and the supplemental stockpile. (Amended.)

8. H.R. 13368: To authorize the disposal of bismuth from the national stockpile and the supplemental stockpile.

9. H.R. 13369: To authorize the disposal of molybdenum from the national stockpile. (Amended.)

10. H.R. 13371: To authorize the disposal of phlogopite mica from the national stockpile and the supplemental stockpile.

11. H.R. 13373: To authorize the disposal of muscovite mica from the national stockpile and the supplemental stockpile.

12. H.R. 13578: To authorize the disposal of rhodium from the national stockpile.

13. H.R. 13579: To authorize the disposal of thorium from the supplemental stockpile.

14. H.R. 13580: To authorize the disposal of amosite asbestos from the national stockpile and the supplemental stockpile.

15. H.R. 13663: To authorize the disposal of ruthenium from the supplemental stockpile.

16. H.R. 13774: To authorize the disposal of vanadium from the national stockpile.

17. S. 1488: To authorize the disposal, without regard to the 6-month waiting period, of approximately 126,300 long calcined tons of refractory grade bauxite from the national stockpile.

18. S. 2642: To authorize the release of platinum from the national stockpile, and for other purposes. (Amended.)

Then No. 19—S. 2573—validating extension of 1955 leave year of certain Yosemite National Park employees.

Tuesday: The Private Calendar will be called and the Department of the Interior Appropriation, 1967, will be considered.

Wednesday and the balance of the week:

The Post Office Department and Treasury Department Appropriation, 1967.

H. Res. 803—authorizing certain travel and investigations by the Committee on Veterans' Affairs.

Mr. Speaker, this announcement, of course, is made subject to the usual reservations, which I now make, that conference reports may be brought up at any time and that any further program may be announced later.

Mr. Speaker, in addition to the foregoing, the gentleman from Arkansas, the chairman of the Committee on Ways and Means [Mr. MILLS], has advised that his committee has unanimously reported a number of bills which he hopes



RY AND FRINGE MEMOR

person from the Committee on P.





## FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

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APRIL 1, 1966.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MORRISON, from the Committee on Post Office and Civil Service, submitted the following

### R E P O R T

with

### SUPPLEMENTAL VIEWS

[To accompany H.R. 14122]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 14122) to adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

#### AMENDMENTS

1. Page 15, strike out line 19 and all that follows down through the period in line 11 on page 16.
2. Page 16, line 12, strike out “(e)” and insert in lieu thereof “(d)”.
3. Page 16, line 16, strike out “(f)” and insert in lieu thereof “(e)”.
4. Page 25, line 18, strike out “(a)”.
5. Page 26, strike out line 22 and all that follows down through and including the table ending immediately preceding line 1 on page 28.
6. Page 32, strike out line 4 and all that follows down through the period and quotation marks in line 23 on page 34.
7. Page 39, strike out lines 3 to 13, inclusive, and insert in lieu thereof the following:

#### EFFECTIVE DATES

SEC. 508. (a) Except as otherwise provided, this section, section 507, section 509, and subsections 1(j), 3(k), 6(a), 6(b), 6(f), 9(c), 9(d), 10(a)(2), 10(c), 10(d), and 10(f) of the

Civil Service Retirement Act, as enacted or amended by this title, shall become effective on the date of enactment of this Act.

#### EXPLANATION OF AMENDMENTS

Amendment No. 1 eliminates section 302(d) of the bill, as introduced, which, in effect, would have rendered employees paid from the clerk hire of Members of the House of Representatives and the Resident Commissioner from Puerto Rico ineligible for the salary increases provided by the bill for employees of the Congress generally unless the Member or Resident Commissioner concerned notified the Clerk of the House on or before July 10, 1966, to the effect that he wished the salary increase to apply to the employee or employees concerned. The committee believes this provision inadvisable in view of the fact that House Members and the Resident Commissioner already have sufficient authority to fix and adjust the salaries of employees paid from House clerk hire funds.

Amendments Nos. 2 and 3, which are technical in nature, redesignate subsections (e) and (f) of section 302 of the introduced bill as subsections (d) and (e) of such section 302 in order to reflect the elimination by amendment No. 1 of subsection (d) of such section 302 of the bill, as introduced.

Amendments Nos. 3, 4, 5, and 6 eliminate provisions of the introduced bill which had the general purpose of measuring minimum benefits under the Civil Service Retirement Act by benefits under the Social Security Act. The committee believes that the policies contained in these eliminated provisions represent broad, complicated, and far-reaching new concepts and formulas which require thorough study, review, and development by the Subcommittee on Retirement, Insurance, and Health Benefits of the Committee on Post Office and Civil Service. Such subcommittee in the near future will devote careful consideration to these matters. Accordingly, these provisions are eliminated by these amendments.

The adoption of these amendments by the House will reduce the annual cost of this bill by \$85 million.

Amendment No. 7, which is technical in nature, revises the effective dates of the provisions of title V of the introduced bill in order to reflect the elimination by amendments Nos. 3, 4, 5, and 6 of the civil service retirement provisions discussed above.

#### GENERAL STATEMENT

H.R. 14122, providing 2.87 to 2.9 percent across-the-board salary adjustments and certain fringe benefits for postal and other Federal employees in general, is reported unanimously from the Committee on Post Office and Civil Service. The salary schedules were prepared on the basis of a policy of 2.85 percent increases, and the variations in this percentage were necessary, in making the calculations for each step of each grade and level, in order to preserve uniformity in the amounts of the step increases for such grades and levels.

The committee bill was developed on the basis of extensive public hearings and in careful consideration of the message of the President of the United States on Federal statutory salary systems printed as House Document No. 402. The employee salary and benefit adjustments in the bill approximately equal the wage and fringe benefits



guidepost of 3.2 percent recommended by the President for both the Government and the private sector of the economy.

The committee throughout its deliberations stressed the special requirement that this legislation not exceed the guideposts laid down by the President, and, in reporting the bill, spells out its intention and firm understanding that the bill does, in fact, meet the test of the guideposts.

The Subcommittees on Compensation and on Retirement, Insurance, and Health Benefits, which conducted the public hearings and drafted the bill, thoroughly reviewed the President's message and accompanying documents, as well as supplemental data from administrative sources and presentations of all major employee groups concerned. The committee adopted the subcommittees' draft with only one major change—necessary to bring the cost within the guideposts—and came out with the best possible measure to meet the urgent needs of the employees and still be within the President's wage guidepost of 3.2 percent.

### COSTS AND WAGE GUIDEPOSTS

It is to be observed, at the outset, that both the size and the validity of cost estimates depend to some extent on the context in which those making the calculations approach the matter and the ultimate purposes which are of chief concern to them.

In retrospect, as H.R. 14122 is presented to the House of Representatives, it now is evident that there has never been a clear meeting of the minds or full mutual agreement between representatives of the executive branch and the membership of the committee—or, for that matter, Members of Congress in general—as to exactly what costs are and what costs are not properly for inclusion in calculations subject to measurement against economic guideposts.

It also now becomes apparent, from a review of the record and informal consultation with administration representatives, that some differences exist in the evaluation of individual cost items in H.R. 14122. The committee emphasizes that its conclusions were reached in all good conscience, and with special attention to the wage guideposts as it interprets them. The review and consultation did, however, clear up all major differences of view and validate the assumptions of the committee with respect to all but minor cost items in the bill which are to be tested against the wage guideposts and others which are beyond the ambit of such guideposts.

The following tabulation sets forth the committee's original evaluation of "guidepost" and "nonguidepost" costs—the evaluation upon which its approval of the bill is based:

## FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

## COMMITTEE ESTIMATE OF GUIDEPOST COSTS

*Direct benefits for employees on payroll*

	<i>Annual cost (millions)</i>
Salary increases:	
Classification Act.....	\$273. 7
Postal field service.....	131. 6
Veterans' Administration.....	6. 8
Foreign Service.....	5. 7
ASCS.....	3. 4
Direct pay.....	421. 2
Postal seniority adjustments.....	4. 0
Uniform allowances.....	6. 6
Health benefits contributions.....	17. 0
Retirement:	
Age 55, 30 years' service.....	13. 0
Age 60, 20 years' service.....	10. 0
Supplemental benefits.....	50. 6
Total.....	471. 8

## NONGUIDEPOST COSTS

	<i>Annual cost (millions)</i>
Special delivery mileage allowance.....	\$0. 3
Overtime:	
Classified employees.....	15. 0
Postal supervisors.....	15. 0
Sunday premium pay, classifieds and wage boards.....	44. 0
Broadening of term "child".....	. 4
Widows "remarriage" provision.....	14. 1
Recomputation of annuities, 1948-62.....	12. 4
Total.....	101. 2

It will be seen, from the above tables, that the committee's key premise, in making its cost determinations, is that—since "wage" guideposts are the test—only those salary and fringe benefits which attach directly or indirectly with respect to wage earners, that is, persons actively employed now or in the future, are for measurement against the President's wage guideposts, and that all other items, though they in fact may entail added costs, should not be so measured.

In summary, as this bill is presented before the House, its "guidepost" costs, as evaluated by the committee and its subcommittees, in the aggregate amounted to \$471.8 million, as compared to the value of \$485 million permissible under the 3.2-percent wage guidepost. The committee's estimate, upon further analysis, has been found to be \$17 million too low—as a result of a misunderstanding arising in the course of informal communications with administrative staff personnel. The cost estimate of \$17 million for Government health benefit contributions, which the committee had thought to be the total added cost, now proves to have been the additional cost over and above the cost attributable to the same item in the administration's pay and fringe benefits proposal. The correct first-year cost is double that amount, or \$34 million. The committee feels that this discrepancy can be readily adjusted when the bill is taken up in the other body.

There are also honest differences of opinion as to several cost items in the bill which the committee in its deliberations cataloged as



"nonguidepost costs." These are the special delivery mileage allowance, overtime provisions for postal supervisors, and authorization for remarriage of widows after reaching age 60 without sacrificing retirement survivor benefits.

In the judgment of the committee, the inclusion of such items within the category of "guidepost costs" is debatable, and, in preparing the bill, the items were excluded from that category in good faith. Even conceding that the committee's allocation of these costs was in error, the inclusion of all of them as guidepost costs, plus the additional \$17 million health benefits contribution cost, would bring the total of all possible guidepost costs of the bill to only \$33.6 million, or two-tenths of 1 percent, above the 3.2 percent guidepost level. This relatively small difference should be readily susceptible of appropriate adjustment when the other body acts on this legislation; and the committee would have no objection to such adjustment. Regardless of whether or not adjustment is made, the amount is relatively small, the issues certainly are debatable, and, in the final analysis, the classification of the items involved is a matter of personal and individual judgment.

In the light of the foregoing developments after the committee voted to report the bill, the following revision of the committee's estimate of guidepost costs is deemed to be in order:

## ADJUSTED GUIDEPOST COSTS

	<i>Annual cost (millions)</i>
Total committee estimate.....	\$471.8
Add:	
Underestimate for increased Government health benefits contribution.....	17.0
Overtime, postal supervisors.....	15.0
Widows "remarriage" provisions.....	14.1
Broadening of term "child".....	.4
Special delivery mileage allowance.....	.3
Total.....	518.6
Administration 3.2-percent guidepost.....	485.0
Difference.....	33.6

## ESTIMATED TOTAL COST

Aside from the "adjusted guidepost costs" and the "nonguidepost costs" tabulated above, the only other material costs of the bill are those for employees of the legislative and judicial branches. As customary in matters of this kind, these employees were not included in the administration's submission. However, since the benefits granted them are consistent with the treatment accorded other Federal employees, the added cost of their inclusion in no way alters the guidepost factors in the bill and their relationship to the 3.2 percent maximum. A statement of the total cost of the bill is as follows:

	<i>Annual cost (millions)</i>
Adjusted guidepost costs.....	\$518.6
Nonguidepost costs.....	71.4
Total.....	590.0
Legislative employees.....	2.2
Judicial employees.....	1.4
Total estimated cost.....	593.6

## FEATURES OF H.R. 14122

Across-the-board pay raises of 2.87 to 2.9 percent, effective the first pay period beginning on or after July 1, 1966, for postal, classified, Foreign Service, Veterans' Administration Department of Medicine and Surgery, judicial branch, legislative branch, and agricultural stabilization and conservation county committee employees, and employees whose salary rates are fixed by administrative action. Exception: Increases in top three grades will be 2 percent (title I, executive; title II, judicial; title III, legislative).

Employees are granted the option of retiring at age 55 with 30 years of service, or at age 60 with 20 years of service, without any reduction in annuity because of such early-age retirement. There is no authority for the Government to mandatorily retire employees. The new age 55 with 30 years of service provision does not apply to Members of Congress (sec. 504 (a) and (b)).

Uniform allowances are made mandatory where authorized by law. Present administrative allowance of \$100 is increased 25 percent. Present administrative allowances of \$75 or more but under \$100 are increased 30 percent. Present administrative allowances of \$50 or more but under \$75 are increased 35 percent. Present administrative allowances under \$50 are increased by 40 percent (sec. 407).

The biweekly Government contributions for health benefits of employees or annuitants enrolled in health benefits plans are increased to \$1.62 for a self-alone enrollment and \$3.94 for self and family enrollment, starting with the first pay period beginning on or after July 1, 1966. If the biweekly subscription charge for the employee's or annuitant's plan is less than twice the Government contribution as so increased, the Government contribution shall be 50 percent of the subscription charge (title VI, sec. 601).

Persons who retired between April 1, 1948, and October 10, 1962, inclusive, with reduced annuity to provide surviving spouse benefits, and each survivor of such a person (including the survivors of employees who died during that period) are authorized to have their annuity benefits recomputed as though the benefit formula contained in section 1103 of Public Law 87-793 had been in effect on the date of such retirement or death. This provision will not operate to reduce any annuity, nor will it apply to the annuity of any child. No payment will be made retroactively for any period prior to enactment of this provision (sec. 507).

Classified employees are granted time and one-half overtime pay for work in excess of 8 hours in a day. Maximum rate for overtime pay of these employees is raised from grade GS-9 to grade GS-10 (sec. 404 (a) and (b)).

Classified and wage board employees are granted 25-percent premium compensation for work on Sundays which is not subject to overtime pay (sec. 405).

Postal employees who are senior in total postal service will be afforded appropriate salary protection, in relation to others less senior in such service, with respect to promotions of such employees to higher levels before and after October 13, 1962 (sec. 402).

Overtime pay is made mandatory for postal employees up through PFS salary level 10, instead of the present level 7 maximum (sec. 404 (c) and (d)).



Protection against loss of salary is afforded certain employees who have been or may be transferred with their jobs to postal positions from positions in other Federal departments or agencies (sec. 401).

Allowance payable to special delivery messengers for use of their personal automobiles on official business is increased from 7 cents per mile or 90 cents per hour to 10 cents per mile or \$1.25 per hour (sec. 403).

Widows of employees or retired employees (but not of Members of Congress) who remarry after age 60 are allowed to continue to receive their survivor annuities, which under present law are terminated by any remarriage (sec. 506 (a) and (b)).

A surviving spouse who remarries and whose annuity is thereby discontinued will be allowed to be reinstated to the annuity roll if the remarriage is terminated. Any lump sum paid to the annuitant when the original survivor benefit was terminated must first be returned. The surviving spouse also is limited to one Federal staff retirement benefit so that if an entitlement to another such benefit is acquired from the remarriage an election of only one of these benefits must be made (sec. 506(d)).

The Civil Service Retirement Act definition of "child" is broadened to extend entitlement of child survivor attending school until his 22d birthday in place of present "end of school year when 21st birthday is reached." Student child also may stay on the benefit roll for up to 1 month and 28 days longer than the present 4 months allowed by the school years (sec. 502 and sec. 506(c)).

Present "dependency" requirement for surviving children is eliminated, so a child need no longer have received over half his support from the decedent. A surviving child who becomes a student after age 18 but before age 22 will be eligible for a benefit or to resume a benefit he may have lost (sec. 502 and sec. 506(c)).

Government officers or employees on leave without pay to work as officers or employees of recognized employee organizations are authorized to continue their Government employees life insurance and health benefits protection by paying both employee and agency premiums and to have their time on leave without pay creditable as service for retirement purposes upon payment of the employee contribution of 6½ percent of the appropriate Federal salary. There will be an option to either exercise this new right to receive retirement credit for all time on leave without pay or to continue under the existing provision of law whereby any employee has credited, for retirement purposes, 6 months of each year on leave without pay at no charge to him (sec. 406 and sec. 503).

#### EXCESSIVE TEMPORARY EMPLOYMENT IN POSTAL SERVICE

A matter which has engaged the very special attention and grave concern of the committee is the excessive and constantly increasing use of temporary employees in the postal field service. With the public demanding efficient postal service and the tremendous yearly rise in mail volume, it is imperative that steps be taken to staff the Postal Establishment with career civil service personnel to a much greater extent than now is the case. It is a matter of deep regret to the committee that time did not permit full consideration of this very serious temporary employee problem, and the development of vigorous and effective corrective measures, during the writing of H.R. 14122.

Experience and special tests have demonstrated, by overwhelming preponderance of evidence, that efficiency in postal service—as in every other governmental or private endeavor—depends heavily upon the availability of a corps of trained, experienced, and dedicated career workers. Good records of efficiency and economy by employees generally are in the same proportion to total employee production as the number of career employees is to the total number of personnel. For example, up to a decade ago, it was the policy in the Postal Establishment to employ many thousands of temporary employees for the Christmas rush and deny overtime work to career employees, on the mistaken theory that money would be saved because the temporary employees were paid straight time and the career employees were entitled to overtime premium pay. The first year under a change in this policy, with career employees working overtime to the extent they desired, realized a net saving estimated at \$5 million for the Christmas rush period.

The committee is convinced that the hiring of temporary employees by the Post Office Department is excessive and that it can and should be brought down to an absolute minimum by good management. The committee serves notice, in this report, of its firm intention to conduct a thorough investigation, with hearings and other appropriate measures, directed toward the development of legislation which will (1) materially advance the broadening of career employment in the postal field service, and (2) sharply restrict, if not eliminate the indiscriminate employment of substantial numbers of temporary, noncareer postal employees.

#### SAVED SALARIES FOR CERTAIN EMPLOYEES

With respect to section 401 of the bill, affording protection against loss of salary for certain employees transferred with their jobs to postal positions, a number of instances were reported to the committee, one of which is typical. A certain building had been operated by the General Services Administration but, since it is used for postal purposes, was transferred to the Postal Establishment. The General Services Administration employees who had been performing custodial, service, and other functions in the building also were transferred, along with their functions, to the Postal Establishment. Among such employees was one whose rate of pay while working for General Services Administration was \$2.65 per hour. His position, however, in accordance with postal salary laws, was placed in PFS salary level 2, at the first within-level step which is \$2.13 per hour. This is a net loss of 52 cents an hour, or \$1,081.60 per year, to the employee.

This condition arises because neither the Postmaster General nor the Post Office Department has any authority to place an employee in a salary step above the initial step for the appropriate level when he comes on the postal payroll—even though he had advanced to a step above the initial step of his grade in the agency from which transferred. This is so whether the new employee is transferred from another department or agency or is hired directly from private life.

It is to be noted, in this connection, that general authority exists in other Government departments and agencies—but not in the postal field service—to fix the starting salary rate of an employee who transfers from elsewhere in the Government at any step in the appropriate level which is not higher than his salary before such transfer.



Section 401 of H.R. 14122 extends similar authority to the Postmaster General. It is the intention of the committee that a number of employees who have already suffered losses in salary under these conditions, such as the example cited above, and all future transferees under substantially the same circumstances, have their new postal salaries fixed at the appropriate within-level step rates which are not less than their rates of pay before they were transferred with their jobs to the Postal Establishment.

#### ADMINISTRATION VIEWS

Official reports expressing the views of the administration and of the departments and agencies in the executive branch were not requested or received due to the expeditious procedure followed in reporting H.R. 14122 the day following its introduction. However, upon the conclusion of the conference with appropriate administration authorities referred to earlier in this report, the Speaker and the majority leader of the House of Representatives, the vice chairman of the Committee on Post Office and Civil Service, and the chairmen of the Subcommittees on Compensation and on Retirement, Insurance, and Health Benefits of such committee were given assurance that there was substantial agreement on the terms and conditions under which costs are treated in this report. It was also the understanding that there would be no objection to action, if deemed appropriate when the other body takes up the bill, to make such adjustments as may be found necessary to reduce or eliminate the minor overage of \$33.6 million in costs of this bill as compared to the President's strict 3.2-percent wage guidepost.

#### ADMINISTRATION OF FEDERAL EMPLOYEES UNIFORM ALLOWANCE ACT

The committee notes that existing provisions of the Federal Employees Uniform Allowance Act and the regulations thereunder contain requirements which the committee, at the present time, considers sufficient to provide for economical and efficient operation of such act if carefully administered. Nevertheless, the committee has noted the occurrence of occasional abuses in the operation of such act. The committee expects all administrative authorities concerned to devote maximum effort to prevent the recurrence of such abuses and will carefully note, and exercise legislative oversight over, the administration and operation of the Federal Employees Uniform Allowance Act in the future.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

# SECTIONS 603(b) AND 801 OF THE CLASSIFICATION ACT OF 1949 (5 U.S.C. 1113(b) AND 1131)

## TITLE VI—BASIC COMPENSATION SCHEDULES

\* \* \* \* \*

### SEC. 603. \* \* \*

(b) The compensation schedule for the General Schedule shall be as follows:

Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,507	\$3,626	\$3,745	\$3,864	\$3,983	\$4,102	\$4,221	\$4,340	\$4,459	\$4,578
GS-2.....	3,814	3,943	4,072	4,201	4,330	4,459	4,588	4,717	4,846	4,975
GS-3.....	4,149	4,289	4,429	4,569	4,709	4,849	4,989	5,129	5,269	5,409
GS-4.....	4,641	4,797	4,953	5,109	5,265	5,421	5,577	5,733	5,889	6,045
GS-5.....	5,181	5,352	5,523	5,694	5,865	6,036	6,207	6,378	6,549	6,720
GS-6.....	5,702	5,894	6,086	6,278	6,470	6,662	6,854	7,046	7,238	7,430
GS-7.....	6,269	6,476	6,683	6,890	7,097	7,304	7,511	7,718	7,925	8,132
GS-8.....	6,869	7,097	7,325	7,553	7,781	8,009	8,237	8,465	8,693	8,921
GS-9.....	7,479	7,733	7,987	8,241	8,495	8,749	9,003	9,257	9,511	9,765
GS-10.....	8,184	8,464	8,744	9,024	9,304	9,584	9,864	10,144	10,424	10,704
GS-11.....	8,961	9,267	9,573	9,879	10,185	10,491	10,797	11,103	11,409	11,715
GS-12.....	10,619	10,987	11,355	11,723	12,091	12,459	12,827	13,195	13,563	13,931
GS-13.....	12,510	12,945	13,380	13,815	14,250	14,685	15,120	15,555	15,990	16,425
GS-14.....	14,680	15,188	15,696	16,204	16,712	17,220	17,728	18,236	18,744	19,252
GS-15.....	17,055	17,645	18,235	18,825	19,415	20,005	20,595	21,185	21,775	22,365
GS-16.....	19,619	20,297	20,975	21,653	22,331	23,009	23,687	24,365	25,043	-----
GS-17.....	22,217	22,994	23,771	24,548	25,325	-----	-----	-----	-----	-----
GS-18.....	25,382	-----	-----	-----	-----	-----	-----	-----	-----	-----

Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2.....	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3.....	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5.....	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6.....	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8.....	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9.....	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10.....	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11.....	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12.....	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14.....	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15.....	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16.....	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	-----
GS-17.....	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----
GS-18.....	25,890	-----	-----	-----	-----	-----	-----	-----	-----	-----

\* \* \* \* \*

SEC. 801. All new appointments shall be made at the minimum rate of the appropriate grade, except that in accordance with regulations prescribed by the Commission which provide for such considerations as the candidate's existing salary, unusually high or unique qualifications, or a special need of the Government for his services, the head of any department may, with the approval of the Commission in each specific case, appoint individuals to positions in [grade 13] *grade 11* and above of the General Schedule at such rate or rates above the minimum rate of the appropriate grade as the Commission may authorize for this purpose. The approval of the





### POSTAL FIELD SERVICE SCHEDULE

PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1	\$4, 204	\$4, 343	\$4, 482	\$4, 621	\$4, 760	\$4, 899	\$5, 038	\$5, 177	\$5, 316	\$5, 455	\$5, 594	\$5, 733
2	4, 552	4, 701	4, 850	4, 999	5, 148	5, 297	5, 446	5, 595	5, 744	5, 893	6, 042	6, 191
3	4, 919	5, 085	5, 251	5, 417	5, 583	5, 749	5, 915	6, 081	6, 247	6, 413	6, 579	6, 745
4	5, 351	5, 607	5, 683	5, 859	6, 035	6, 211	6, 387	6, 563	6, 739	6, 915	7, 091	7, 267
5	5, 697	5, 888	6, 079	6, 270	6, 461	6, 652	6, 843	7, 034	7, 225	7, 416	7, 607	7, 798
6	6, 113	6, 316	6, 519	6, 722	6, 925	7, 128	7, 331	7, 534	7, 737	7, 940	8, 143	8, 346
7	6, 545	6, 763	6, 981	7, 199	7, 417	7, 635	7, 853	8, 071	8, 289	8, 507	8, 725	
8	7, 083	7, 323	7, 558	7, 793	8, 028	8, 263	8, 498	8, 733	8, 968	9, 203		
9	7, 665	7, 920	8, 175	8, 430	8, 685	8, 940	9, 195	9, 450	9, 705	9, 960		
10	8, 345	8, 628	8, 911	9, 194	9, 477	9, 760	10, 043	10, 326	10, 609	10, 892		
11	9, 221	9, 536	9, 851	10, 166	10, 481	10, 796	11, 111	11, 426	11, 741	12, 056		
12	10, 202	10, 549	10, 896	11, 243	11, 590	11, 937	12, 284	12, 631	12, 978	13, 325		
13	11, 274	11, 663	12, 052	12, 441	12, 830	13, 219	13, 608	13, 997	14, 386	14, 775		
14	12, 427	12, 859	13, 291	13, 723	14, 155	14, 587	15, 019	15, 451	15, 883	16, 315		
15	13, 736	14, 210	14, 684	15, 158	15, 632	16, 106	16, 580	17, 054	17, 528	18, 002		
16	15, 179	15, 707	16, 235	16, 763	17, 291	17, 819	18, 347	18, 875	19, 403	19, 931		
17	16, 793	17, 380	17, 967	18, 554	19, 141	19, 728	20, 315	20, 902	21, 489	22, 076		
18	18, 530	19, 145	19, 760	20, 375	20, 990	21, 605	22, 220	22, 835	23, 450	24, 065		
19	20, 525	21, 210	21, 895	22, 580	23, 265	23, 950	24, 635					
20	22, 760	23, 520	24, 280	25, 040	25, 800							

(b) The basic salary for hourly rate employees shall be computed by dividing the per annum rates prescribed in the Postal Field Service Schedule (1) by 2,080 in the case of hourly rate employees other than substitutes, and (2) by 2,016 in the case of substitute employees.

(c) In addition to the compensation provided under this section regular and substitute special delivery carriers and special delivery messengers at first class post offices shall be paid an automotive equipment maintenance allowance at the rate of **[7] 10** cents per mile or major fraction thereof for miles traveled under the direction of the Department in making delivery of special delivery mail or at the option of the Postmaster General at the rate of **[90 cents] \$1.25** per hour spent in making delivery of special delivery mail. Payments for equipment maintenance shall be made at the same periods and in the same manner as payments of regular compensation.

### § 3543. Rural Carrier Schedule

(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be "RCS". Compensation shall be paid to rural carriers in accordance with this schedule.

## RURAL CARRIER SCHEDULE

[illegible]



## RURAL CARRIER SCHEDULE

	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum.....	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route.....	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles.....	25	25	25	25	25	25	25	25	25	25	25	25

\* \* \* \* \*

## § 3544. Fourth Class Office Schedule

(a) There is established a basic compensation schedule which shall be known as the Fourth Class Office Schedule and for which the symbol shall be "FOS", for postmasters in post offices of the fourth class which is based on the revenue units of the post office for the preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accordance with this schedule.

## FOURTH CLASS OFFICE SCHEDULE

Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36.....	\$3,906	\$4,035	\$4,164	\$4,293	\$4,422	\$4,551	\$4,680	\$4,809	\$4,938	\$5,067	\$5,196	\$5,325
24 but fewer than 30.....	3,610	3,729	3,848	3,967	4,086	4,205	4,324	4,443	4,562	4,681	4,800	4,919
18 but fewer than 24.....	2,978	3,079	3,180	3,281	3,382	3,483	3,584	3,685	3,786	3,887	3,988	4,089
12 but fewer than 18.....	2,339	2,415	2,491	2,567	2,643	2,719	2,795	2,871	2,947	3,023	3,099	3,175
6 but fewer than 12.....	1,687	1,741	1,795	1,849	1,903	1,957	2,011	2,065	2,119	2,173	2,227	2,281
Fewer than 6.....	1,359	1,403	1,447	1,491	1,535	1,579	1,623	1,667	1,711	1,755	1,799	1,843

## FOURTH CLASS OFFICE SCHEDULE

Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36.....	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30.....	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24.....	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 18.....	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12.....	1,736	1,791	1,846	1,901	1,955	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6.....	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893

\* \* \* \* \*

## SALARY STEPS AND PROMOTIONS

\* \* \* \* \*

## § 3551. Appointments to positions in the postal field service

(a) The Postmaster General may appoint any person who has been employed in a civilian capacity in any branch of the Government to any position in a regional or district office or to any professional or scientific position and may place him in any step in the salary level of the Postal Field Service Schedule which is less than one full step

above the highest basic salary which he received from the United States.

(b) The Postmaster General may appoint any employee of the legislative branch whose compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives, and who has completed two or more years of service as such an employee, and any Member of the Senate or House of Representatives who has completed two or more years of service as such a Member, to any position in the postal field service and may fix his initial rate of compensation at the minimum rate of the appropriate level of the basic salary schedule applicable to the position, or at any step of that level that does not exceed the highest previous rate of compensation received by him during his service in the legislative branch.

(c) *The Postmaster General may appoint or advance any Federal employee who, together with this function, is transferred, prior to, on, or after the date of enactment of this subsection, to a post office or other postal installation at or to (1) the minimum rate for his position, or (2) any higher rate for his position which is less than one full step above the highest rate of compensation received by him immediately prior to such transfer.*

#### § 3552. Automatic advancement by step increases

\* \* \* \* \*

[(d) Notwithstanding the provisions of subsections (a), (b), and (c) of this section, the Postmaster General is authorized to advance any employee in PFS level 9 or below who—

[(1) was promoted to a higher level between July 9, 1960, and October 13, 1962; and

[(2) is senior with respect to total postal service to an employee in his own post office promoted to the same position since October 13, 1962, and is at a step in the level below the step of the junior employee.

Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained. ]

(d) *Notwithstanding any other provision of this section, the Postmaster General shall advance any employee in the postal field service who—*

*(1) was promoted to a higher level between July 9, 1960, and October 13, 1962; and*

*(2) is senior with respect to total postal service to an employee in the same post office promoted to the same level on or after October 13, 1962, and is in a step in the same level below the step of the junior employee.*

*Such advancement by the Postmaster General shall be to the highest step which is held by any such junior employee. Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained.*

\* \* \* \* \*

#### § 3573. Compensatory time, overtime, and holidays

(a) In emergencies or if the needs of the service require, the Postmaster General may require employees to perform overtime work or



to work on holidays. Overtime work is any work officially ordered or approved which is performed by—

- (1) an annual rate regular employee in excess of his regular work schedule,
- (2) an hourly rate regular employee in excess of eight hours in a day or forty hours in a week, and
- (3) a substitute employee in excess of forty hours in a week.

The Postmaster General shall determine the day and week used in computing overtime work.

(b) For each hour of overtime work the Postmaster General shall compensate an employee in the "PFS" Schedule as follows:

(1) He shall pay each employee in or below salary level **[PFS-7]** *PFS-10* compensation at the rate of 150 per centum of the hourly rate of basic compensation for his level and step computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty.

(2) He shall grant each employee in or above salary level **[PFS-8]** *PFS-11* compensatory time equal to the overtime worked, or in his discretion in lieu thereof pay such employee compensation at the rate of 150 per centum of the hourly rate of basic compensation of the employee or of the hourly rate of the basic compensation for the highest step of salary level **[PFS-7]** *PFS-10*, whichever is the lesser.

(c) For officially ordered or approved time worked on a day referred to as a holiday in the Act of December 26, 1941 (55 Stat. 862; 5 U.S.C. 87b), or on a day designated by Executive order as a holiday for Federal employees, under regulations prescribed by the Postmaster General, an employee in the PFS schedule shall receive extra compensation, in addition to any other compensation provided for by law, as follows:

(1) Each regular employee in or below salary level **[PFS-7]** *PFS-10* shall be paid extra compensation at the rate of 100 per centum of the hourly rate of basic compensation for his level and step computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty.

(2) Each regular employee in or above salary level **[PFS-8]** *PFS-11* shall be granted compensatory time in an amount equal to the time worked on such holiday within thirty working days thereafter or, in the discretion of the Postmaster General, in lieu thereof shall be paid extra compensation for the time so worked at the rate of 100 per centum of the hourly rate of basic compensation for his level and step computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty.

(3) For work performed on Christmas Day (A) each regular employee shall be paid extra compensation at the rate of 150 per centum of the hourly rate of basic compensation for his level and step, computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty, and (B) each substitute employee shall be paid extra compensation at the rate of 50 per centum of the hourly rate of basic compensation for his level and step.

\* \* \* \* \*

**§ 3575. Exemptions**

[(a) Sections 3571, 3573 and 3574 of this title do not apply to postmasters, rural carriers, postal inspectors, and employees in salary level PFS-15 and above.]

(a) *Sections 3571, 3573, and 3574 of this title do not apply to postmasters, rural carriers, and postal inspectors.*

**SECTION 4107 OF TITLE 38, UNITED STATES CODE****§ 4107. Grades and pay scales**

(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

**SECTION 4103 SCHEDULE**

Assistant Chief Medical Director, **[\$25,382]** \$25,890.

Medical Director, **[\$22,217]** \$22,760 minimum to **[\$25,325]** \$25,800 maximum.

Director of Nursing Service, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Director of Chaplain Service, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Chief Pharmacist, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Chief Dietitian, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

**PHYSICIAN AND DENTIST SCHEDULE**

Director grade, **[\$19,619]** \$20,075 minimum to **[\$25,043]** \$25,435 maximum.

Executive grade, **[\$18,291]** \$18,730 minimum to **[\$24,024]** \$24,355 maximum.

Chief grade, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Senior grade, **[\$14,680]** \$15,106 minimum to **[\$19,252]** \$19,813 maximum.

Intermediate grade, **[\$12,510]** \$12,873 minimum to **[\$16,425]** \$16,905 maximum.

Full grade, **[\$10,619]** \$10,927 minimum to **[\$13,931]** \$14,338 maximum.

Associate grade, **[\$8,961]** \$9,221 minimum to **[\$11,715]** \$12,056 maximum.

**NURSE SCHEDULE**

Assistant Director grade, **[\$14,680]** \$15,106 minimum to **[\$19,252]** \$19,813 maximum.

Chief grade, **[\$12,510]** \$12,873 minimum to **[\$16,425]** \$16,905 maximum.



Senior grade, **[\$10,619]** \$10,927 minimum to **[\$13,931]** \$14,338 maximum.

Intermediate grade, **[\$8,961]** \$9,221 minimum to **[\$11,715]** \$12,056 maximum.

Full grade, **[\$7,479]** \$7,696 minimum to **[\$9,765]** \$10,045 maximum.

Associate grade, **[\$6,540]** \$6,730 minimum to **[\$8,502]** \$8,749 maximum.

Junior grade, **[\$5,702]** \$5,867 minimum to **[\$7,430]** \$7,649 maximum.

(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position.

## SECTIONS 412 AND 415(a) OF THE FOREIGN SERVICE ACT OF 1946 (22 U.S.C. 867 AND 870(a))

### FOREIGN SERVICE OFFICERS

SEC. 412. There shall be ten classes of Foreign Service officers, including the classes of career ambassador and of career minister. The per annum salary of a career ambassador shall be at the rate provided by law for level IV of the Federal Executive Salary Schedule. The per annum salary of a career minister shall be at the rate provided by law for level V of such schedule. The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

Class 1-----	\$23,465	\$24,284	\$25,382				
Class 2-----	18,954	19,612	20,270	\$20,928	\$21,586	\$22,244	\$22,902
Class 3-----	15,395	15,929	16,463	16,997	17,531	18,065	18,599
Class 4-----	12,510	12,945	13,380	13,815	14,250	14,685	15,120
Class 5-----	10,303	10,661	11,019	11,377	11,735	12,093	12,451
Class 6-----	8,594	8,889	9,184	9,479	9,774	10,069	10,364
Class 7-----	7,262	7,506	7,750	7,994	8,238	8,482	8,726
Class 8-----	6,269	6,476	6,683	6,890	7,097	7,304	7,511

Class 1-----	\$23,935	\$24,770	\$25,890				
Class 2-----	19,504	20,181	20,858	\$21,535	\$22,212	\$22,889	\$23,566
Class 3-----	16,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4-----	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5-----	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6-----	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7-----	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8-----	6,451	6,664	6,877	7,090	7,303	7,516	7,729

### FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

SEC. 415. (a) There shall be ten classes of Foreign Service staff officers and employees, referred to hereafter as staff officers and employees. The per annum salaries of such staff officers and employees within each class shall be as follows:

Class 1.....	\$15,395	\$15,929	\$16,463	\$16,997	\$17,531	\$18,065	\$18,599	\$19,133	\$19,667	\$20,201
Class 2.....	12,510	12,945	13,380	13,815	14,250	14,685	15,120	15,555	15,990	16,425
Class 3.....	10,303	10,661	11,019	11,377	11,735	12,093	12,451	12,809	13,167	13,525
Class 4.....	8,594	8,889	9,184	9,479	9,774	10,069	10,364	10,659	10,954	11,249
Class 5.....	7,749	8,013	8,277	8,541	8,805	9,069	9,333	9,597	9,861	10,125
Class 6.....	6,998	7,231	7,464	7,697	7,930	8,163	8,396	8,629	8,862	9,095
Class 7.....	6,428	6,640	6,852	7,064	7,276	7,488	7,700	7,912	8,124	8,336
Class 8.....	5,688	5,880	6,072	6,264	6,456	6,648	6,840	7,032	7,224	7,416
Class 9.....	5,190	5,361	5,532	5,703	5,874	6,045	6,216	6,387	6,558	6,729
Class 10.....	4,641	4,797	4,953	5,109	5,265	5,421	5,577	5,733	5,889	6,045

Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,061	6,269	6,477	6,685	6,893	7,101	7,309	7,517	7,725
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216

## SECTIONS 201, 202, TITLE III, AND SECTION 401 OF THE FEDERAL EMPLOYEES PAY ACT OF 1945 (5 U.S.C. 911, 912, 921 AND FOLLOWING, AND 926)

SEC. 201. All hours of work officially ordered or approved in excess of forty hours in any administrative workweek or in excess of eight hours in a day performed by officers and employees to whom this title applies shall be considered to be overtime work and compensation for such overtime work, except as otherwise provided for in this Act, shall be at the following rates:

(1) For each officer and employee whose basic compensation is at a rate which does not exceed the minimum scheduled rate of basic compensation provided for grade [GS-9] GS-10 in the Classification Act of 1949, as amended, the overtime hourly rate of compensation shall be an amount equal to one and one-half times the hourly rate of basic compensation of such officer or employee, and all of such amount shall be considered premium compensation.

(2) For each officer and employee whose basic compensation is at a rate which exceeds the minimum scheduled rate of basic compensation provided for grade [GS-9] GS-10 in the Classification Act of 1949, as amended, the overtime hourly rate of compensation shall be an amount equal to one and one-half times the hourly rate of such minimum scheduled rate of basic compensation, and all of such amount shall be considered premium compensation.

SEC. 202. (a) The head of any department, independent establishment, or agency, including Government-owned or controlled corporations, or of the municipal government of the District of Columbia, or the head of any legislative or judicial agency to which this title applies, (1) may, at the request of any officer or employee, grant such officer or employee compensatory time off from his scheduled tour of duty in lieu of payment for an equal amount of time spent in irregular or occasional overtime work, and (2) may, at his own discretion, provide that any officer or employee, whose rate of basic compensation



is in excess of the maximum scheduled rate of basic compensation provided for grade [GS-9] GS-10 in the Classification Act of 1949, as amended, shall be compensated for irregular or occasional overtime work for which compensation would be due under this Act with an equal amount of compensatory time off from his scheduled tour of duty in lieu of such compensation.

(b) The Architect of the Capitol may, in his discretion, grant per annum employees compensatory time off from duty in lieu of overtime compensation for any work in excess of forty hours in any regularly scheduled administrative workweek.

\* \* \* \* \*

### TITLE III—COMPENSATION FOR [NIGHT AND] NIGHT, SUNDAY, AND HOLIDAY WORK

#### NIGHT PAY DIFFERENTIAL

SEC. 301. (a) Any regularly scheduled work between the hours of six o'clock postmeridian and six o'clock antemeridian (including periods of absence with pay during such hours due to holidays, and any such hours within periods of leave with pay if such periods total less than eight hours during any pay period) shall be considered nightwork, except as provided in subsection (b), and any officer or employee performing such work to whom this title applies shall be compensated for such work at his rate of basic compensation plus premium compensation amounting to 10 per centum of such rate, unless otherwise provided in title IV of this Act. This section shall not operate to modify the provisions of the Act of July 1, 1944 (Public Law Numbered 394, Seventy-eighth Congress), or any other law authorizing additional compensation for nightwork.

(b) The head of any department, independent establishment, or agency, including Government-owned or controlled corporations, may designate any time after six o'clock postmeridian and any time before six o'clock antemeridian as the beginning and end, respectively, of nightwork for the purpose of subsection (a) at any post outside the several States and the District of Columbia where customary hours of business extend into the hours of nightwork provided by such subsection.

#### COMPENSATION FOR SUNDAY WORK

*SEC. 302. All work not exceeding eight hours which is not overtime work as defined in section 201 of this Act and which is performed within the period commencing at midnight Saturday and ending at midnight Sunday shall be compensated at the rate of basic compensation of the officer or employee performing such work on Sunday plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation.*

#### COMPENSATION FOR HOLIDAY WORK

SEC. [302] 303. (a) All work not exceeding eight hours, which is not overtime work as defined in section 201 of this Act and which is performed on a holiday designated by Federal statute or Executive order, shall be compensated at the rate of basic compensation of the officer or employee performing such work on a holiday plus premium

compensation at a rate equal to the rate of basic compensation of such officer or employee.

(b) Any officer or employee who is required to perform any work on such a holiday shall be compensated for at least two hours of such work, and any such premium compensation due under the provisions of this section shall be in addition to any premium compensation which may be due for the same work under the provisions of section 301 of this Act providing premium compensation for nightwork.

(c) Overtime work, as defined in section 201 of this Act, on Sundays and such holidays shall be compensated in accordance with the provisions of such section 201.

#### TITLE IV—SPECIAL PROVISIONS FOR CERTAIN TYPES OF WORK

SEC. 401. The head of any department, independent establishment, or agency, including Government-owned or controlled corporations, or of the municipal government of the District of Columbia may, with the approval of the Civil Service Commission, provide that—

(1) any officer or employee in a position requiring him regularly to remain at, or within the confines of, his station during longer than ordinary periods of duty, a substantial part of which consists of remaining in a standby status rather than performing work, shall receive premium compensation for such duty on an annual basis in lieu of premium compensation provided by any other provisions of this Act. Premium compensation under this paragraph shall be determined as an appropriate percentage (not in excess of 25 per centum) of such part of the rate of basic compensation for any such position as does not exceed the minimum scheduled rate of basic compensation provided for grade GS-9 in the Classification Act of 1949, as amended, by taking into consideration the number of hours of actual work required in such position, the number of hours required in a standby status at or within the confines of the station, the extent to which the duties of such position are made more onerous by **[night or]** *night, Sunday, or holiday work*, or by being extended over periods of more than forty hours a week, and any other relative factors; or

(2) any officer or employee in a position in which the hours of duty cannot be controlled administratively, and which requires substantial amounts of irregular, unscheduled, overtime duty and duty at **[night and]** *night, on Sundays, and on holidays* with the officer or employee generally being responsible for recognizing, without supervision, circumstances which require him to remain on duty, shall receive premium compensation for such duty on an annual basis in lieu of premium compensation provided by any other provisions of this Act, except for regularly scheduled overtime duty. Premium compensation under this paragraph shall be determined as an appropriate percentage (not in excess of 15 per centum) of such part of the rate of basic compensation for any such position as does not exceed the minimum scheduled rate of basic compensation provided for grade GS-9 in the Classification Act of 1949, as amended, by taking into consideration the frequency and duration of *night, holiday, and unscheduled overtime duty* required in such position.



**FIRST PARAGRAPH OF SECTION 23 OF THE INDEPENDENT OFFICES APPROPRIATION ACT, 1935, AS AMENDED (5 U.S.C. 673c)**

SEC. 23. The weekly compensation, minus any general percentage reduction which may be prescribed by Act of Congress, for the several trades and occupations, which is set by wage boards or other wage-fixing authorities, shall be reestablished and maintained at rates not lower than necessary to restore the full weekly earnings of such employees in accordance with the full-time weekly earnings under the respective wage schedules in effect on June 1, 1932: *Provided*, That the regular hours of labor are hereby established at not more than eight per day or forty per week, but work in excess of such hours shall be permitted when administratively determined to be in the public interest: *Provided further*, That overtime work in excess of eight hours per day or in excess of forty hours per week shall be compensated for at not less than time and one-half the basic rate of compensation, except that employees subject to this section who are regularly required to remain at or within the confines of their post of duty in excess of eight hours per day in a standby or on-call status shall be paid overtime rates only for hours of duty, exclusive of eating and sleeping time, in excess of forty per week: *Provided further*, That employees subject to this section whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during such eight-hour period of service.

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**SECTION 6 OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954, AS AMENDED (5 U.S.C. 2095)**

SEC. 6. (a) Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission.

(b) If upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and (1) his retirement is for disability or (2) he has completed twelve years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him, but the amount of such insurance shall be reduced by 2 per centum thereof at the end of each full calendar month following the date the employee attains age sixty-five or retires, whichever is later, subject to minimum amounts prescribed by the Commission, but not less than 25 per centum of the insurance in force preceding the first such reduction. Periods of honorable active service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required twelve years provided the employee has completed at least five years of civilian service.

(c) If upon such date as the insurance would otherwise cease the employee is receiving benefits under the Federal Employees' Compensation Act because of disease or injury to himself, his life insurance may, as provided in subsection (b), be continued during the period he is in receipt of such benefits and held by the United States Department of Labor to be unable to return to duty.

(d) *Notwithstanding the foregoing, an officer or employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, elect to continue his insurance and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions. If he does not so elect, his insurance will continue during nonpay status and terminate as provided in subsection (a) of this section. The employing agency shall forward the premium payments to the fund established by section 5 of this Act.*

## SECTION 7 (a) AND (b) OF THE FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF 1959, AS AMENDED (5 U.S.C. 3006 (a) AND (b))

### CONTRIBUTIONS

【SEC. 7. (a)(1) Except as provided in paragraph (2) of this subsection, the Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be 50 per centum of the lowest rates charged by a carrier for a level of benefits offered by a plan under paragraph (1) or paragraph (2) of section 4, but (A) not less than \$1.25 or more than \$1.75 biweekly for an employee or annuitant who is enrolled for self alone and (B) not less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family.

【(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge.

【(3) There shall be withheld from the salary of each enrolled employee and the annuity of each enrolled annuitant, and there shall be contributed by the Government, amounts (in the same ratio as the contributions of such employee or annuitant and the Government under paragraphs (1) and (2)) which are necessary for the administrative costs and the reserves provided for by section 8(b).

【(4) There shall be withheld from the salary of each enrolled employee or annuity of each enrolled annuitant so much as is necessary, after deducting the contribution of the Government, to pay the total charge for his enrollment. The amount withheld from the annuity of an annuitant shall be equal to the amount withheld from the salary of an employee when both are enrolled in the same plan providing the same health benefits.】

*SEC. 7. (a)(1) Except as provided in paragraph (2) of this subsection, the biweekly Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition*



to the contributions required by paragraph (3), shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family commencing with the first pay period beginning on or after July 1, 1966.

(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge, commencing with the first pay period beginning on or after July 1, 1966.

(b)(1) An employee enrolled in a health benefits plan under this Act who is placed in a leave without pay status may have his coverage and the coverage of members of his family continued under such plan for a period not to exceed one year in accordance with regulations prescribed by the Commission. Such regulations may provide for the waiving of contributions by the employee and the Government.

(2) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to continue his health benefits coverage and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions. If he does not so elect, his coverage will terminate as specified in paragraph (1) and implementing regulations. The employing agency shall forward the enrollment charges so paid to the fund.

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## THE FEDERAL EMPLOYEES UNIFORM ALLOWANCE ACT (TITLE IV OF THE ACT OF SEPTEMBER 1, 1954; PUBLIC LAW 763, EIGHTY-THIRD CONGRESS; 5 U.S.C. 2131-2133)

### TITLE IV—UNIFORM ALLOWANCES

SEC. 401. This title may be cited as the "Federal Employees Uniform Allowance Act".

SEC. 402. There is hereby authorized to be appropriated annually to each agency of the Government of the United States or of the District of Columbia (including Government-owned corporations), upon a showing of the necessity or desirability thereof, an amount not to exceed \$125 multiplied by the number of the employees of such agency who are required by regulation or by law to wear a prescribed uniform in the performance of his or her official duties and who are not being furnished with such uniform. The head of any agency to which any such appropriation is made shall, out of funds made available by such appropriation, (1) furnish to each such employee such uniform at a cost not to exceed \$125 per annum, or (2) pay to each such employee an allowance for defraying the expenses of acquisition of such uniform at such times and in such amounts, not to exceed \$125 per annum, as may be prescribed in accordance with rules and regulations promulgated pursuant to section 404. Where the furnishing of a uniform or the payment of a uniform allowance is authorized under any other provision of law or regulation existing on the date of enactment of this Act, the head of the agency may in his discretion continue the furnishing of such uniform or the payment of such allowance under such law or regulation, but where a uniform is furnished or allowance paid under any such law or

regulation no uniform shall be furnished or allowance paid under this section.

SEC. 403. Allowances paid under this title shall not be considered as pay, salary, or compensation within the meaning of the Civil Service Retirement Act of May 29, 1930, as amended, or as wages within the meaning of section 209 of the Social Security Act, as amended, or chapters 21 and 24 of the Internal Revenue Code of 1954.

SEC. 404. The Director of the Bureau of the Budget is authorized and directed to promulgate such rules and regulations as may be necessary to provide for the uniform administration of this title.

SEC. 405. *Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title are hereby increased, subject to the maximum allowance authorized by this title, as follows:*

(1) *If the maximum uniform allowance is \$100 or more, such allowance shall be increased by 25 per centum.*

(2) *If the maximum uniform allowance is \$75 or more but less than \$100, such allowance shall be increased by 30 per centum.*

(3) *If the maximum uniform allowance is \$50 or more but less than \$75, such allowance shall be increased by 35 per centum.*

(4) *If the maximum uniform allowance is less than \$50, such allowance shall be increased by 40 per centum.*

*Such maximum uniform allowances, as in effect on April 1, 1966, and as increased by this section, shall not be reduced.*

## CIVIL SERVICE RETIREMENT ACT (5 U.S.C. 2251(j); 2253; 2256 (a), (b), (f); 2259 (c), (d); 2260 (a)-(e))

### DEFINITIONS

#### SECTION 1. Wherever used in this Act—

\* \* \* \* \*

[(j) The term "child", for purposes of section 10, shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who received more than one-half his support from and lived with the Member or employee in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support, or such unmarried child between eighteen and twenty-one years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose twenty-first birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed for the purposes of this paragraph and section 10(d) to have attained the age of twenty-one on the first day of July following such birthday. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed four months and if he shows to the satisfaction of the Commission that he has a bona fide intention of con-



tinuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim.】

(j) *The term "child", for purposes of section 10(d), shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who lived with the employee or Member in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support, or such unmarried child between eighteen and twenty-two years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years, semesters, or terms if the interim, or other period of nonattendance, does not exceed four calendar months and if he shows to the satisfaction of the Commission that he has a bona fide intention of continuing to pursue such course during the school year, semester, or term immediately following the interim. The term "child", for purposes of section 11, shall include an adopted child and a natural child, but shall not include a stepchild.*

\* \* \* \* \*

#### CREDITABLE SERVICE

SEC. 3. (a) An employee's service for the purposes of this Act including service as a substitute in the postal service shall be credited from the date of original employment to the date of the separation upon which title to annuity is based in the civilian service of the Government. Credit shall similarly be allowed for service in the Pan American Sanitary Bureau. No credit shall be allowed for any period of separation from the service in excess of three calendar days.

(b) An employee or Member shall be allowed credit for periods of military service prior to the date of the separation upon which title to annuity is based; however, if an employee or Member is awarded retired pay on account of military service, his military service shall not be included, unless such retired pay is awarded on account of a service-connected disability (1) incurred in combat with an enemy of the United States or (2) caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under title III of Public Law 810, Eightieth Congress, except that for purposes of section 9(c)(1), a Member (A) shall be allowed credit only for periods of military service not exceeding five years, plus any military service performed by the Member upon leaving his office, for the purpose of performing such service, during any war or national emergency proclaimed by the President or declared by the Congress and prior to his final separation from service as Member and (B) may not receive credit for military service for which credit is allowed for the purposes of retired pay under any other provision of law. Nothing in this Act shall affect the right of an employee or a Member to retired pay, pension, or compensation in addition to the annuity herein provided.

(c) Credit shall be allowed for leaves of absence granted an employee while performing military service or while receiving benefits under the Federal Employees' Compensation Act of September 7,

1916, as amended. Except for a substitute in the postal service, there shall be excluded from credit so much of any other leaves of absence without pay as may exceed six months in the aggregate in any calendar year.

(d) An employee who during the period of any war, or of any national emergency as proclaimed by the President or declared by the Congress, has left or leaves his position to enter the military service shall not be considered, for the purposes of this Act, as separated from his civilian position by reason of such military service, unless he shall apply for and receive a lump-sum benefit under this Act: *Provided*, That such employee shall not be considered as retaining his civilian position beyond December 31, 1956, or the expiration of five years of such military service, whichever is later.

(e) The total service of an employee or Member shall be the full years and twelfth parts thereof, excluding from the aggregate the fractional part of a month, if any.

(f) An employee must have completed at least five years of civilian service before he shall be eligible for annuity under this Act.

(g) An employee or Member must have, within the two-year period preceding any separation from service, other than a separation by reason of death or disability, completed at least one year of creditable civilian service during which he was subject to this Act before he or his survivors shall be eligible for annuity under this Act based on such separation. If any employee or Member, other than an employee or Member separated from the service by reason of death or disability, fails to meet the service requirement of the preceding sentence, the amounts deducted from his salary during his period of service for which no eligibility for annuity is established based on such separation shall be returned to him upon such separation. Failure to meet this service requirement shall not deprive the individual or his survivors of any annuity rights which attached upon a previous separation.

(h) An employee who (1) has at least five years' Member service and (2) has served as a Member at any time after August 2, 1946, shall not be allowed credit for any service which is used in the computation of an annuity under section 9(c).

(i) In the case of each United States Commissioner who comes within the purview of this Act pursuant to section 2(g) of this Act, service rendered prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956 as United States Commissioner shall be credited for the purposes of this Act on the basis of one three-hundred-and-thirteenth of a year for each day prior to July 1, 1945, and one two-hundred-and-sixtieth of a year for each day after June 30, 1945, on which such United States Commissioner renders service in such capacity and which is not credited for the purposes of this Act for service performed by him in any capacity other than United States Commissioner. Such credit shall not be granted for service rendered as United States Commissioner for more than three hundred and thirteen days in any one year prior to July 1, 1945, or for more than two hundred and sixty days in any one year after June 30, 1945.

(j) Notwithstanding any other provision of this section or section 5(f) of the Peace Corps Act, any military service (other than military service covered by military leave with pay from a civilian position)



performed by an individual after December 1956 and any period of service by an individual as a volunteer under the Peace Corps Act, shall be excluded in determining the aggregate period of service upon which an annuity payable under this chapter to such individual or to his widow or child is to be based, if such individual or widow or child is entitled (or would upon proper application be entitled) at the time of such determination, to monthly old-age or survivors benefits under section 202 of the Social Security Act, as amended (42 U.S.C. 402), based on such individual's wages and self-employment income. If in the case of the individual or widow such military service or service under the Peace Corps Act is not excluded under the preceding sentence, but upon attaining age sixty-two, he or she becomes entitled (or would upon proper application be entitled) to such benefits, the Commission shall redetermine the aggregate period of service upon which such annuity is based, effective as of the first day of the month in which he or she attains such age, so as to exclude such service. The Secretary of Health, Education, and Welfare shall, upon the request of the Commission, inform the Commission whether or not any such individual or widow or child is entitled at any specified time to such benefits.

(k) (1) *An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions which would be applicable if he were in pay status. An employee who is on approved leave without pay and serving as a full-time officer or employee of such an organization on the date of enactment of this subsection may similarly elect within sixty days after such date of enactment. If the election provided by this paragraph is not made, the employee shall receive credit for such periods of leave without pay as provided in the second sentence of section 3(c) of this Act.*

(2) *An employee may deposit with interest an amount equal to retirement deductions representing periods of approved leave without pay while serving, prior to the date of enactment of this subsection, as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, and may receive full retirement credit for such periods of leave without pay. In the event of his death, a survivor as defined in section 1(o) of this Act may make such deposit. If the deposit described in this paragraph is not made, retirement credit shall be allowed in accordance with the second sentence of section 3(c) of this Act.*

\* \* \* \* \*

#### IMMEDIATE RETIREMENT

SEC. 6. (a) Any employee who attains the age of **[sixty]** *fifty-five* years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

**[**(b) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9.**]**

(b) *Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.*

\* \* \* \* \*

(f) Any Member who attains the age of sixty-two years and completes five years of civilian service, or who attains the age of sixty years and completes ten years of Member service, shall, upon separation from the service, be paid an annuity computed as provided in section 9. Any Member who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9. Any Member or former Member who completes twenty-five years of service, or who attains the age of fifty years and (1) completes twenty years of service or (2) shall have served in nine Congresses, shall, upon separation from the service (other than separation by resignation or expulsion), be paid a reduced annuity computed as provided in section 9. *For the purposes of the immediately preceding sentence, service in an office or position in the executive branch of the Government of the United States, including each corporation owned or controlled by such Government, which terminates after March 31, 1966, shall be held and considered to be Member service.* No Member or survivor of a Member shall be entitled to receive an annuity under this Act unless there shall have been deducted or deposited the amounts specified in section 4 with respect to his last five years of civilian service.

\* \* \* \* \*

#### COMPUTATION OF ANNUITY

##### SEC. 9. (a) \* \* \*

\* \* \* \* \*

(c) The annuity of a Member, or of a former Member with title to Member annuity, retiring under this Act shall be computed as provided in subsection (a), except that if he has had at least five years' service as a Member or a congressional employee, or any combination of such service the annuity shall be computed, with respect to (1) his service as a Member and so much of his military service as is creditable for the purposes of this clause, and (2) so much of his congressional employee service as does not exceed fifteen years, by multiplying 2½ per centum of the average salary by the years of such service. In no case shall an annuity computed under this subsection exceed 80 per centum of the basic salary that he is receiving at the time of such separation [from the service] or, if he elects to have his annuity computed or recomputed pursuant to section 13(c) of this Act following service in an appointive position which terminates after March 31, 1966, the basic salary he is receiving at the time of separation from such appointive position, whichever is the greater, and in no case shall the annuity of a Member retiring under section 7 be less than (A) 40 per centum of the average salary or (B) the sum obtained under this subsection after increasing his Member service by the period elapsing between the date of separation and the date he attains the age of sixty years, whichever is the lesser, but this provision shall not increase the annuity of any survivor.



[(d) The annuity as hereinbefore provided, for an employee retiring under section 6(b) or 6(d) or a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such employee or Member is under the age of sixty years at date of separation.]

*(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such Member is under the age of sixty years at date of separation.*

\* \* \* \* \*

#### SURVIVOR ANNUITIES

SEC. 10. (a)(1) If an employee or Member dies after having retired under any provision of this Act and is survived by a wife or husband to whom the employee or Member was married at the time of retirement, such wife or husband shall be paid an annuity equal to 55 per centum of an annuity computed as provided in subsections (a), (b), (c), (d), (e), and (f) of section 9, as may apply with respect to the annuitant, or of such portion thereof as may have been designated in writing for such purpose by the employee or Member at the time of retirement, unless the employee or Member has notified the Commission in writing at the time of retirement that he does not desire his wife or husband to receive such annuity.

[(2) An annuity computed under this subsection shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's death or remarriage.]

*(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor's remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor's death or remarriage.*

(b) The annuity of a survivor designated under section 9(h) shall be 55 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), (f), and (h) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's death.

(c) If an employee or a Member dies after completing at least five years of civilian service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 55 per centum of an annuity computed as provided in subsections (a), (b), (c), (e), and (f) of section 9 as may apply with respect to the employee or Member. [The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and such

annuity or any right thereto shall terminate on the last day of the month before (1) death or remarriage of the widow or widower or (2) the widower's becoming capable of self-support.】 *The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower's becoming capable of self-support.*

【(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of the Act, and is survived by a wife or by a husband, each surviving child who received more than one-half of his support from such employee or Member shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall commence on the day after the employee or Member dies, and such annuity granted under this Act or under the Act of May 29, 1930, as amended from and after February 28, 1948, or any right thereto shall terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death, except that the annuity of a child who is a student as described in section 1(j) shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one. Upon the death of the surviving wife or husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.】

(d) *If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of this Act, and is survived by a wife or by a husband, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children, subject to the provisions of section 18. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children, subject to the provisions of section 18. The child's annuity shall commence on the day after the employee or Member dies or the first day of the month in which the child later becomes or again becomes a student as described in section 1(j), provided the lump-sum credit, if paid, is returned to the fund. Such annuity granted under this Act or under the Act of May 29, 1930, as amended from and after February 28, 1948, or any right thereto shall terminate on the last day of the month before (1) the*



*child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs. Upon the death of the surviving wife or husband or termination of the child's annuity, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.*

(e) In case a Member separated from service with title to a deferred annuity under this Act, either prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956, shall hereafter die before having established a valid claim for annuity and is survived by a wife or husband to whom married at date of separation, such surviving wife or husband (1) shall be paid an annuity equal to 55 per centum of the Member's deferred annuity commencing on the day after the Member's death and terminating on the last day of the month before death or remarriage of such surviving wife or husband or (2) may elect to receive a lump-sum credit in lieu of annuity if such wife or husband is the person who would be entitled to the lump-sum credit and files application therefor with the Commission prior to the award of such annuity.

(f) *In the case of a surviving spouse whose annuity under this section is hereafter terminated because of remarriage before attaining age sixty, annuity at the same rate shall be restored commencing on the day such remarriage is dissolved by death, annulment, or divorce: Provided, That (1) said surviving spouse elects to receive such annuity in lieu of any survivor benefit to which he or she may be entitled, under this or any other retirement system established for employees of the Government, by reason of the remarriage and (2) any lump sum paid upon termination of the annuity is returned to the fund.*

SUPPLEMENTAL VIEWS OF HON. EDWARD J. DERWINSKI  
ON H.R. 14122, FEDERAL PAY RAISE

This bill is a far cry from a perfect piece of legislation, but under the circumstances, it must be accepted. It might more properly be entitled "The White House Federal Salary Increase Dictates of 1966."

The most intriguing thing to me in the legislative processing of this 1966 Federal salary bill is the complete acquiescence of the majority party members on the committee and evidently in the full House to the major items dictated by the administration. All pretense of independence of the legislative branch is waived.

As a bit of legislative history, let us recall that the same House Post Office and Civil Service Committee played a leading role in deliberately passing a Federal salary bill in 1960 in order to draw a veto from President Eisenhower as a campaign-year gimmick for the Democrat Party. The majority however, are very carefully protecting their political skirts and those of President Johnson by complete silence on this measure.

Mention must be made of a very dangerous precedent which this bill may set. Executive branch officials have stated that any pay increase for servicemen must follow the basic pattern in this bill. I wonder aloud if my colleagues on the House Armed Services Committee recognize that they, too, will find their military pay bill completely drawn at the White House?

This bill really does not satisfy anyone, but since we recognize that the Nation is at war and further recognize the tremendous inflation sweeping the country, to which a direct contributor is excessive spending by the Federal Government, it is practical that Congress not exceed the figures in this bill. But there is no excuse for the fact that the legislative branch merely is rubber stamping an Executive order. The initiative and leadership for all legislation should rest in the Congress. This bill is an example of the majority's willingness to make Congress subservient to the dictates of the Executive.

However, since the total cost of this bill is \$593.6 million of which \$170.7 million is applied to the postal field service, it is proper to ask on behalf of the citizens suffering from inefficient mail service whether or not the Post Office Department has any plans to alleviate the deterioration in efficiency of the Department.

When will the Post Office Department, wallowing further in the red, demand an increase in postal rates or will an effort be made to produce some efficiency in postal service?

I would also like to call attention to a feature of this legislation which expands an already questionable practice of the Government. Presently, persons who leave their Federal jobs to take employment with a labor union are carried by their agencies in a leave without pay status; this entitles them to benefits under the Civil Service Retirement Act. Currently, such persons are credited with 6 months' service for each year of leave without pay. This bill would grant



them a full credit toward the accumulation of Federal retirement annuities.

I wonder if, in such cases, the Federal Government is not assuming a responsibility which belongs with the union and is thus encouraging a conflict of interest, particularly since the administration claims that the Federal employee must consider retirement benefits as part of his compensation pay package.

It seems to me that unions have the obligation of providing adequate pension programs to meet the needs of their officers. I believe that a serious question arises when we permit the Government to fund the retirement of individuals who have left Government service and who are in the employ of agencies outside the Government.

There is much more that I could say if we were in a normal legislative environment, but since the bill will be jammed through the House next week without amendments, there is no point in writing extended views that would affect floor consideration. However, some mention had to be made of the defects and obvious inconsistencies here.

EDWARD J. DERWINSKI.







Union Calendar No. 619

89<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 14122

[Report No. 1410]

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 1966

Mr. MORRISON introduced the following bill; which was referred to the Committee on Post Office and Civil Service

APRIL 1, 1966

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

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## A BILL

To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the “Federal Salary and  
4       Fringe Benefits Act of 1966”.

5                   TITLE I—EXECUTIVE BRANCH

6                   SHORT TITLE

7       SEC. 101. This title may be cited as the “Federal Em-  
8       ployees Salary Act of 1966”.

1 EMPLOYEES SUBJECT TO CLASSIFICATION ACT OF 1949

2 SEC. 102. (a) Section 603 (b) of the Classification Act  
3 of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113 (b) ),  
4 is amended to read as follows:

5 “(b) The compensation schedule for the General  
6 Schedule shall be as follows:

“Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2-----	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3-----	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4-----	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5-----	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6-----	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7-----	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8-----	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9-----	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10-----	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11-----	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12-----	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13-----	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14-----	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15-----	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16-----	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	-----
GS-17-----	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----
GS-18-----	25,890	-----	-----	-----	-----	-----	-----	-----	-----	-----

7 (b) Except as provided in section 504 (d) of the Federal  
8 Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C. 1173  
9 (d) ), the rates of basic compensation of officers and em-  
10 ployees to whom the compensation schedule set forth in sub-  
11 section (a) of this section applies shall be initially adjusted  
12 as of the effective date of this section, as follows:

13 (1) If the officer or employee is receiving basic  
14 compensation immediately prior to the effective date of  
15 this section at one of the rates of a grade in the General  
16 Schedule of the Classification Act of 1949, as amended,  
17 he shall receive a rate of basic compensation at the cor-  
18 responding rate in effect on and after such date.



1           (2) If the officer or employee is receiving basic  
2       compensation immediately prior to the effective date of  
3       this section at a rate between two rates of a grade in the  
4       General Schedule of the Classification Act of 1949, as  
5       amended, he shall receive a rate of basic compensation  
6       at the higher of the two corresponding rates in effect on  
7       and after such date.

8           (3) If the officer or employee is receiving basic  
9       compensation immediately prior to the effective date of  
10      this section at a rate in excess of the maximum rate for  
11      his grade, he shall receive (A) the maximum rate for  
12      his grade in the new schedule, or (B) his existing rate  
13      of basic compensation if such existing rate is higher.

14          (4) If the officer or employee, immediately prior  
15      to the effective date of this section, is receiving, pursuant  
16      to section 2 (b) (4) of the Federal Employees Salary  
17      Increase Act of 1955, an existing aggregate rate of com-  
18      pensation determined under section 208 (b) of the Act  
19      of September 1, 1954 (68 Stat. 1111), plus subsequent  
20      increases authorized by law, he shall receive an aggre-  
21      gate rate of compensation equal to the sum of his existing  
22      aggregate rate of compensation, on the day preceding the  
23      effective date of this section, plus the amount of increase  
24      made by this section in the maximum rate of his grade,

1       until (i) he leaves his position, or (ii) he is entitled to  
2       receive aggregate compensation at a higher rate by rea-  
3       son of the operation of this Act or any other provision  
4       of law; but, when such position becomes vacant, the  
5       aggregate rate of compensation of any subsequent ap-  
6       pointee thereto shall be fixed in accordance with appli-  
7       cable provisions of law. Subject to clauses (i) and (ii)  
8       of the immediately preceding sentence of this para-  
9       graph, the amount of the increase provided by this sec-  
10      tion shall be held and considered for the purposes of  
11      section 208 (b) of the Act of September 1, 1954, to  
12      constitute a part of the existing rate of compensation  
13      of the employee.

14      NEW APPOINTMENTS UNDER CLASSIFICATION ACT OF 1949

15      SEC. 103. Section 801 of the Classification Act of 1949,  
16      as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new  
17      appointments, is amended by striking out "grade 13" and  
18      inserting in lieu thereof "grade 11".

19                      POSTAL FIELD SERVICE EMPLOYEES

20      SEC. 104. (a) Section 3542 (a) of title 39, United  
21      States Code, is amended to read as follows:

22      “(a) There is established a basic compensation schedule  
23      for positions in the postal field service which shall be known  
24      as the Postal Field Service Schedule and for which the sym-  
25      bol shall be ‘PFS’. Except as provided in sections 3543 and



1 3544 of this title, basic compensation shall be paid to all  
2 employees in accordance with such schedule.

“POSTAL FIELD SERVICE SCHEDULE

“PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1.....	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2.....	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3.....	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4.....	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5.....	5,697	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6.....	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,143	8,346
7.....	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	-----
8.....	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203	-----	-----
9.....	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960	-----	-----
10.....	8,345	8,628	8,911	9,194	9,477	9,760	10,043	10,326	10,609	10,892	-----	-----
11.....	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056	-----	-----
12.....	10,202	10,549	10,896	11,243	11,590	11,937	12,284	12,631	12,978	13,325	-----	-----
13.....	11,274	11,663	12,052	12,441	12,830	13,219	13,608	13,997	14,386	14,775	-----	-----
14.....	12,427	12,859	13,291	13,723	14,155	14,587	15,019	15,451	15,883	16,315	-----	-----
15.....	13,736	14,210	14,684	15,158	15,632	16,106	16,580	17,054	17,528	18,002	-----	-----
16.....	15,179	15,707	16,235	16,763	17,291	17,819	18,347	18,875	19,403	19,931	-----	-----
17.....	16,793	17,380	17,967	18,554	19,141	19,728	20,315	20,902	21,489	22,076	-----	-----
18.....	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065	-----	-----
19.....	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320	-----	-----	-----	-----
20.....	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----	-----	-----”.

3 (b) Section 3543 (a) of title 39, United States Code,  
4 is amended to read as follows:

5 “(a) There is established a basic compensation schedule  
6 which shall be known as the Rural Carrier Schedule and for  
7 which the symbol shall be ‘RCS’. Compensation shall be  
8 paid to rural carriers in accordance with this schedule.

“RURAL CARRIER SCHEDULE

	“Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum.....	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route.....	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles.....	25	25	25	25	25	25	25	25	25	25	25	25”.

9 (c) Section 3544 (a) of title 39, United States Code,  
10 is amended to read as follows:

11 “(a) There is established a basic compensation sched-  
12 ule, which shall be known as the Fourth Class Office Schedule

1 and for which the symbol shall be 'FOS', for postmasters in  
2 post offices of the fourth class, which is based on the revenue  
3 units of the post office for the preceding fiscal year. Basic  
4 compensation shall be paid to postmasters in post offices of  
5 the fourth class in accordance with this schedule.

"FOURTH CLASS OFFICE SCHEDULE

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36.....	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30.....	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24.....	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 18.....	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12.....	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6.....	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893".

6 (d) The basic compensation of each employee subject  
7 to the Postal Field Service Schedule, the Rural Carrier  
8 Schedule, or the Fourth Class Office Schedule immediately  
9 prior to the effective date of this section shall be determined  
10 as follows:

11 (1) Each employee shall be assigned to the same  
12 numerical step for his position which he had attained  
13 immediately prior to such effective date. If changes in  
14 levels or steps would otherwise occur on such effective  
15 date without regard to enactment of this Act, such  
16 changes shall be deemed to have occurred prior to con-  
17 version.

18 (2) If the existing basic compensation is greater  
19 than the rate to which the employee is converted under



paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND  
SURGERY OF THE VETERANS' ADMINISTRATION

SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

**§ 4107. Grades and pay scales**

“(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

“SECTION 4103 SCHEDULE

“Assistant Chief Medical Director, \$25,890.

“Medical Director, \$22,760 minimum to \$25,800 maximum.

“Director of Nursing Service, \$17,550 minimum to \$23,013 maximum.

1       “Director of Chaplain Service, \$17,550 minimum to  
2       \$23,013 maximum.

3       “Chief Pharmacist, \$17,550 minimum to \$23,013  
4       maximum.

5       “Chief Dietitian, \$17,550 minimum to \$23,013 maxi-  
6       mum.

7       “(b) (1) The grades and per annum full-pay ranges for  
8       positions provided in paragraph (1) of section 4104 of this  
9       title shall be as follows:

10               “PHYSICIAN AND DENTIST SCHEDULE

11       “Director grade, \$20,075 minimum to \$25,435 maxi-  
12       mum.

13       “Executive grade, \$18,730 minimum to \$24,355 maxi-  
14       mum.

15       “Chief grade, \$17,550 minimum to \$23,013 maximum.

16       “Senior grade, \$15,106 minimum to \$19,813 maximum.

17       “Intermediate grade, \$12,873 minimum to \$16,905  
18       maximum.

19       “Full grade, \$10,927 minimum to \$14,338 maximum.

20       “Associate grade, \$9,221 minimum to \$12,056 maxi-  
21       mum.

22               “NURSE SCHEDULE

23       “Assistant Director grade, \$15,106 minimum to \$19,813  
24       maximum.

25       “Chief grade, \$12,873 minimum to \$16,905 maximum.



14 “Senior grade, \$10,927 minimum to \$14,338 maximum.

15 “Intermediate grade, \$9,221 minimum to \$12,056

16 maximum.

17 “Full grade, \$7,696 minimum to \$10,045 maximum.

18 “Associate grade, \$6,730 minimum to \$8,749 maximum.

19 “Junior grade, \$5,867 minimum to \$7,649 maximum.

20 “(2) No person may hold the director grade unless he

21 is serving as a director of a hospital, domiciliary, center,

22 or outpatient clinic (independent). No person may hold

23 the executive grade unless he holds the position of chief of

24 staff at a hospital, center, or outpatient clinic (independent),

25 or the position of clinic director at an outpatient clinic, or

14 comparable position.”

15 FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND

16 EMPLOYEES

17 SEC. 106. (a) The fourth sentence of section 412 of the

18 Foreign Service Act of 1946, as amended (22 U.S.C. 867),

19 is amended to read as follows: “The per annum salaries of

20 Foreign Service officers within each of the other classes shall

21 be as follows:

“Class 1.....	\$23,935	\$24,770	\$25,890				
Class 2.....	19,504	20,181	20,858	\$21,535	\$22,212	\$22,889	\$23,566
Class 3.....	15,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7.....	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8.....	6,451	6,664	6,877	7,090	7,303	7,516	7,728”.

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870 (a) ) is amended to read as follows: "The per annum salaries of such staff officers and employees within each class shall be as follows:

"Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216".

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act of 1946 shall receive basic compensation, on and after such effective date, at the rate of their class determined to be appropriate by the Secretary of State.

#### AGRICULTURAL STABILIZATION AND CONSERVATION

##### COUNTY COMMITTEE EMPLOYEES

SEC. 107. The rates of compensation of persons employed by the county committees established pursuant to section 8 (b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h (b) ) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 102 (a) of this title for corresponding rates of compensation.



## 1       SALARY RATES FIXED BY ADMINISTRATIVE ACTION

2       SEC. 108. (a) The rates of basic compensation of assist-  
3   ant United States attorneys whose basic salaries are fixed  
4   pursuant to section 508 of title 28, United States Code, shall  
5   be increased, effective on the effective date of section 102  
6   of this title, by amounts equal, as nearly as may be prac-  
7   ticable, to the increases provided by section 102 (a) of this  
8   title for corresponding rates of compensation.

9       (b) Notwithstanding section 3679 of the Revised  
10   Statutes, as amended (31 U.S.C. 665), the rates of com-  
11   pensation of officers and employees of the Federal Govern-  
12   ment and of the municipal government of the District of  
13   Columbia whose rates of compensation are fixed by adminis-  
14   trative action pursuant to law and are not otherwise increased  
15   by this Act are hereby authorized to be increased, effective  
16   on the effective date of section 102 of this title, by amounts  
17   not to exceed the increases provided by this title for cor-  
18   responding rates of compensation in the appropriate schedule  
19   or scale of pay.

20       (c) Nothing contained in this section shall be held or  
21   considered to authorize any increase in the rates of com-  
22   pensation of officers and employees whose rates of compen-  
23   sation are fixed and adjusted from time to time as nearly  
24   as is consistent with the public interest in accordance with  
25   prevailing rates or practices.

1 (d) Nothing contained in this section shall affect the  
2 authority contained in any law pursuant to which rates of  
3 compensation may be fixed by administrative action.

4 EFFECTIVE DATES

5 SEC. 109. This title shall become effective as follows:

6 (1) This section and sections 101, 103, and 108  
7 shall become effective on the date of enactment of this  
8 Act.

9 (2) Sections 102, 104, 105, 106, and 107 shall  
10 become effective on the first day of the first pay period  
11 which begins on or after July 1, 1966.

12 TITLE II—JUDICIAL BRANCH

13 SHORT TITLE

14 SEC. 201. This title may be cited as the “Federal Judi-  
15 cial Salary Act of 1966”.

16 JUDICIAL BRANCH EMPLOYEES

17 SEC. 202. (a) The rates of basic compensation of offi-  
18 cers and employees in or under the judicial branch of the  
19 Government whose rates of compensation are fixed by or  
20 pursuant to paragraph (2) of subdivision a of section 62 of  
21 the Bankruptcy Act (11 U.S.C. 102 (a) (2) ), section 3656  
22 of title 18, United States Code, the third sentence of section  
23 603, sections 671 to 675, inclusive, or section 604 (a) (5) ,  
24 of title 28, United States Code, insofar as the latter section  
25 applies to graded positions, are hereby increased by amounts



1 reflecting the respective applicable increases provided by sec-  
2 tion 102 (a) of title I of this Act in corresponding rates of  
3 compensation for officers and employees subject to the Classi-  
4 fication Act of 1949, as amended. The rates of basic com-  
5 pensation of officers and employees holding ungraded posi-  
6 tions and whose salaries are fixed pursuant to such section  
7 604 (a) (5) may be increased by the amounts reflecting the  
8 respective applicable increases provided by section 102 (a)  
9 of title I of this Act in corresponding rates of compensation  
10 for officers and employees subject to the Classification Act  
11 of 1949, as amended.

12 (b) The limitations provided by applicable law on  
13 the effective date of this section with respect to the aggregate  
14 salaries payable to secretaries and law clerks of circuit and  
15 district judges are hereby increased by amounts which re-  
16 flect the respective applicable increases provided by section  
17 102 (a) of title I of this Act in corresponding rates of com-  
18 pensation for officers and employees subject to the Classifica-  
19 tion Act of 1949, as amended.

20 (c) Section 753 (e) of title 28, United States Code (re-  
21 lating to the compensation of court reporters for district  
22 courts), is amended by striking out the existing salary limi-  
23 tation contained therein and inserting a new limitation  
24 which reflects the respective applicable increases provided by  
25 section 102 (a) of title I of this Act in corresponding rates

1 of compensation for officers and employees subject to the  
2 Classification Act of 1949, as amended.

3 EFFECTIVE DATES

4 SEC. 203. This title shall become effective as follows:

5 (1) This section and section 201 shall become  
6 effective on the date of enactment of this Act.

7 (2) Section 202 shall become effective on the first  
8 day of the first pay period which begins on or after  
9 July 1, 1966.

10 TITLE III—LEGISLATIVE BRANCH

11 SHORT TITLE

12 SEC. 301. This title may be cited as the “Federal Legis-  
13 lative Salary Act of 1966”.

14 LEGISLATIVE BRANCH EMPLOYEES

15 SEC. 302. (a) Except as otherwise provided in this title,  
16 each officer or employee in or under the legislative branch of  
17 the Government, whose rate of compensation is increased by  
18 section 5 of the Federal Employees Pay Act of 1946, shall  
19 be paid additional compensation at the rate of 2.9 per centum  
20 of his gross rate of compensation (basic compensation plus  
21 additional compensation authorized by law).

22 (b) The total annual compensation in effect immediately  
23 prior to the effective date of this section of each officer or  
24 employee of the House of Representatives, whose compensa-  
25 tion is disbursed by the Clerk of the House of Representatives



1 and is not increased by reason of any other provision of this  
2 section, shall be increased by 2.9 per centum. Notwithstand-  
3 ing section 303 of this title or any other provision of this  
4 section, the total annual compensation of the Clerk of the  
5 House of Representatives and the Sergeant at Arms of the  
6 House of Representatives, respectively, shall be an amount  
7 which is equal to the total annual compensation of the Secre-  
8 tary of the Senate and the Sergeant at Arms of the Senate,  
9 respectively.

10 (c) The rates of compensation of employees of the  
11 House of Representatives whose compensation is fixed by  
12 the House Employees Schedule under the House Employees  
13 Position Classification Act (78 Stat. 1079-1084; Public  
14 Law 88-652; 2 U.S.C. 291-303), including each employee  
15 subject to such Act whose compensation is fixed at a saved  
16 rate, are hereby increased by amounts equal, as nearly as  
17 may be practicable, to the increases provided by subsection  
18 (a) of this section.

19 ~~(d) The basic compensation of each employee on the~~  
20 ~~rolls on July 1, 1966, whose compensation is paid from the~~  
21 ~~clerk hire of a Member of the House of Representatives or~~  
22 ~~the Resident Commissioner from Puerto Rico is hereby ad-~~  
23 ~~justed, effective on July 1, 1966, to the lowest multiple of~~  
24 ~~\$5 which will provide a gross rate of compensation not less~~  
25 ~~than the gross rate such employee was receiving immediately~~

1 prior to such date, except that the foregoing provision of  
2 this sentence shall not apply with respect to an employee  
3 if, on or before July 10, 1966, the Member or Resident  
4 Commissioner by whom such employee is employed trans-  
5 mits to the Clerk of the House of Representatives written  
6 notice to the effect that he does not wish such provision  
7 to apply to such employee. If, before the expiration of the  
8 period within which such notice may be given, such Member  
9 or Resident Commissioner dies without having transmitted  
10 such notice, such notice shall be considered to have been  
11 transmitted.

12       ~~(e)~~ (d) The additional compensation provided by this  
13 section shall be considered a part of basic compensation for  
14 the purposes of the Civil Service Retirement Act (5 U.S.C.  
15 2251 and following).

16       ~~(f)~~ (e) This section shall not apply with respect to the  
17 compensation of student congressional interns authorized by  
18 House Resolution 416, Eighty-ninth Congress, and the com-  
19 pensation of employees whose compensation is fixed by the  
20 House Wage Schedule under the House Employees Position  
21 Classification Act.

22                               SALARY INCREASE LIMITATION

23       SEC. 303. No rate of compensation shall be increased,  
24 by reason of the enactment of this title, to an amount in



1 excess of the salary rate now or hereafter in effect for  
2 level V of the Federal Executive Salary Schedule.

3 EFFECTIVE DATES

4 SEC. 304. This title shall become effective as follows:

5 (1) This section and section 301 shall become effective  
6 on the date of enactment of this Act.

7 (2) Sections 302 and 303 shall become effective on  
8 the first day of the first pay period which begins on or  
9 after July 1, 1966.

10 TITLE IV—MISCELLANEOUS PROVISIONS

11 SALARY STEPS FOR CERTAIN EMPLOYEES TRANSFERRED TO

12 POSTAL FIELD SERVICE

13 SEC. 401. Section 3551 of title 39, United States Code,  
14 is amended by adding at the end thereof the following new  
15 subsection:

16 “(c) The Postmaster General may appoint or advance  
17 any Federal employee who, together with his function, is  
18 transferred, prior to, on, or after the date of enactment of this  
19 subsection, to a post office or other postal installation at or  
20 to (1) the minimum rate for his position, or (2) any higher  
21 rate for his position which is less than one full step above the  
22 highest rate of compensation received by him immediately  
23 prior to such transfer.”.

## 1 POSTAL SENIORITY ADJUSTMENTS

2 SEC. 402. Section 3552 (d) of title 39, United States  
3 Code, is amended to read as follows:

4 “(d) Notwithstanding any other provision of this sec-  
5 tion, the Postmaster General shall advance any employee in  
6 the postal field service who—

7 “(1) was promoted to a higher level between July  
8 9, 1960, and October 13, 1962; and

9 “(2) is senior with respect to total postal service  
10 to an employee in the same post office promoted to the  
11 same level on or after October 13, 1962, and is in a  
12 step in the same level below the step of the junior  
13 employee.

14 Such advancement by the Postmaster General shall be to the  
15 highest step which is held by any such junior employee.  
16 Any increase under the provisions of this subsection shall not  
17 constitute an equivalent increase and credit earned prior to  
18 adjustment under this subsection for advancement to the  
19 next step shall be retained.”.

## 20 SPECIAL DELIVERY MESSENGERS

21 SEC. 403. Section 3542 (c) of title 39, United States  
22 Code, is amended—



(1) by striking out “7 cents per mile or major fraction thereof” and inserting in lieu thereof “10 cents per mile or major fraction thereof”; and

(2) by striking out “90 cents per hour” and inserting in lieu thereof “\$1.25 per hour”.

#### OVERTIME

SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

(1) by inserting “or in excess of eight hours in a day” immediately following “in excess of forty hours in any administrative workweek”; and

(2) by striking out “grade GS-9”, wherever occurring therein, and inserting in lieu thereof “grade GS-10”.

(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out “grade GS-9” and inserting in lieu thereof “grade GS-10”.

(c) Subsections (b) and (c) of section 3573 of title 39, United States Code, are amended by striking out “level PFS-7” and “level PFS-8”, wherever appearing therein, and inserting in lieu thereof “level PFS-10” and “level PFS-11”, respectively.

1       (d) Subsection (a) of section 3575 of title 39, United  
2 States Code, is amended to read as follows:

3       “(a) Sections 3571, 3573, and 3574 of this title do not  
4 apply to postmasters, rural carriers, and postal inspectors.”

5                                   SUNDAY PREMIUM PAY

6       SEC. 405. (a) The heading of title III of the Federal  
7 Employees Pay Act of 1945, as amended, is amended to  
8 read as follows:

9       “TITLE III—COMPENSATION FOR NIGHT,  
10                           SUNDAY, AND HOLIDAY WORK”

11       (b) Section 302 of such Act, as amended (5 U.S.C.  
12 922), is redesignated as section 303 of such Act.

13       (c) Title III of such Act, as amended (5 U.S.C. 921  
14 and following), is amended by inserting immediately follow-  
15 ing section 301 thereof the following:

16                                   “COMPENSATION FOR SUNDAY WORK

17       “SEC. 302. All work not exceeding eight hours which  
18 is not overtime work as defined in section 201 of this Act  
19 and which is performed within the period commencing at  
20 midnight Saturday and ending at midnight Sunday shall be  
21 compensated at the rate of basic compensation of the officer  
22 or employee performing such work on Sunday plus premium  
23 compensation at a rate equal to 25 per centum of his rate  
24 of basic compensation.”

25       (d) Section 401(1) of such Act, as amended (5



1 U.S.C. 926 (1) ), is amended by inserting “, Sunday,” im-  
2 mediately following the word “night”.

3 (e) Section 401 (2) of such Act, as amended (5 U.S.C.  
4 926 (2) ), is amended by inserting “, on Sundays,” imme-  
5 diately following the words “duty at night”.

6 (f) The first paragraph of section 23 of the Independent  
7 Offices Appropriation Act, 1935, as amended (5 U.S.C.  
8 673c), is amended by inserting immediately before the period  
9 at the end thereof the following: “: *Provided further*, That  
10 employees subject to this section whose regular work sched-  
11 ule includes an eight-hour period of service any part of which  
12 is within the period commencing at midnight Saturday and  
13 ending at midnight Sunday shall be paid extra compensation  
14 at the rate of 25 per centum of his hourly rate of basic com-  
15 pensation for each hour of work performed during such  
16 eight-hour period of service”.

17 HEALTH AND INSURANCE COVERAGE FOR CERTAIN EM-

18 PLOYEES ON LEAVE WITHOUT PAY

19 SEC. 406. (a) Section 6 of the Federal Employees’  
20 Group Life Insurance Act of 1954, as amended (5 U.S.C.  
21 2095), is amended by adding at the end thereof the follow-  
22 ing new subsection:

23 “(d) Notwithstanding the foregoing, an officer or em-  
24 ployee who enters on approved leave without pay to serve

1 authorized to issue regulations to carry out the purposes of  
2 this section and the amendments made by this section.

3 INCREASE IN UNIFORM ALLOWANCES

4 SEC. 407. The Federal Employees Uniform Allowance  
5 Act, as amended (5 U.S.C. 2131-2133), is amended by  
6 adding at the end thereof the following new section:

7 "SEC. 405. Notwithstanding any other provision of this  
8 title, each of the respective maximum uniform allowances in  
9 effect on April 1, 1966, for the respective categories of em-  
10 ployees to whom uniform allowances are paid under this  
11 title are hereby increased, subject to the maximum allow-  
12 ance authorized by this title, as follows:

13 "(1) If the maximum uniform allowance is \$100  
14 or more, such allowance shall be increased by 25 per  
15 centum.

16 "(2) If the maximum uniform allowance is \$75 or  
17 more but less than \$100, such allowance shall be in-  
18 creased by 30 per centum.

19 "(3) If the maximum uniform allowance is \$50 or  
20 more but less than \$75, such allowance shall be increased  
21 by 35 per centum.

22 "(4) If the maximum uniform allowance is less



1       than \$50, such allowance shall be increased by 40 per  
2       centum.

3       Such maximum uniform allowances, as in effect on April 1,  
4       1966, and as increased by this section, shall not be reduced.”.

#### 5                               EFFECTIVE DATES

6       SEC. 408. This title shall become effective as follows:

7               (1) This section and sections 401, 402, 406, and  
8       407 shall become effective on the date of enactment of  
9       this Act.

10              (2) Sections 403, 404, and 405 shall become ef-  
11       fective on the first day of the first pay period which  
12       begins on or after July 1, 1966.

#### 13                   TITLE V—CIVIL SERVICE RETIREMENT

##### 14                               SHORT TITLE

15       SEC. 501. This title may be cited as the “Civil Service  
16       Retirement Act Amendments of 1966”.

##### 17                               DEFINITIONS

18       SEC. 502. ~~(a)~~ Section 1 (j) of the Civil Service Retire-  
19       ment Act (5 U.S.C. 2251 (j) ) is amended to read as  
20       follows:

21              “(j) The term ‘child’, for purposes of section 10 (d),

1 shall mean an unmarried child, including (1) an adopted  
2 child, and (2) a stepchild or recognized natural child who  
3 lived with the employee or Member in a regular parent-child  
4 relationship, under the age of eighteen years, or such un-  
5 married child regardless of age who because of physical or  
6 mental disability incurred before age eighteen is incapable  
7 of self-support, or such unmarried child between eighteen  
8 and twenty-two years of age who is a student regularly pur-  
9 suing a full-time course of study or training in residence in a  
10 high school, trade school, technical or vocational institute,  
11 junior college, college, university, or comparable recognized  
12 educational institution. A child who is a student shall not be  
13 deemed to have ceased to be a student during any interim  
14 between school years, semesters, or terms if the interim, or  
15 other period of nonattendance, does not exceed four calendar  
16 months and if he shows to the satisfaction of the Commission  
17 that he has a bona fide intention of continuing to pursue such  
18 course during the school year, semester, or term immediately  
19 following the interim. The term 'child', for purposes of sec-  
20 tion 11, shall include an adopted child and a natural child,  
21 but shall not include a stepchild."

22 ~~(b) Section 4 of such Act (5 U.S.C. 2251) is further~~  
23 ~~amended by adding at the end thereof the following new~~  
24 ~~subsection:~~

25 ~~"(u) The term 'minimum annuity base' shall mean the~~



- 1 amount in column II on the line on which in column I of the
- 2 following table appears the employee's average salary:

"TABLE FOR DETERMINING MINIMUM ANNUITY BASE AND MAXIMUM GUARANTEE"

I (Average salary)		II (Minimum annuity base)	III (Maximum guarantee)
If an employee's average salary (as determined under subsection (e)) is—		The amount referred to in the preceding paragraph of this subsection shall be—	And the maximum guarantee (as provided in section 9(m)) shall be—
At least—	But less than—		
	\$816	\$528	\$792
816	840	540	816
840	852	552	828
852	876	564	852
876	900	576	864
900	924	588	888
924	948	600	900
948	972	612	924
972	984	624	936
984	1,008	636	960
1,008	1,032	648	972
1,032	1,056	660	996
1,056	1,080	672	1,008
1,080	1,092	684	1,032
1,092	1,116	696	1,044
1,116	1,140	708	1,068
1,140	1,164	720	1,080
1,164	1,176	732	1,104
1,176	1,200	744	1,116
1,200	1,224	756	1,140
1,224	1,236	768	1,152
1,236	1,260	780	1,176
1,260	1,284	792	1,200
1,284	1,296	816	1,212
1,296	1,320	828	1,236
1,320	1,368	840	1,248
1,368	1,428	852	1,272
1,428	1,476	864	1,296
1,476	1,536	876	1,308
1,536	1,596	888	1,332
1,596	1,644	900	1,344
1,644	1,704	912	1,368
1,704	1,764	924	1,404
1,764	1,812	936	1,440
1,812	1,872	948	1,488
1,872	1,932	960	1,536
1,932	1,980	972	1,572
1,980	2,040	984	1,620
2,040	2,100	1,008	1,668
2,100	2,148	1,020	1,704
2,148	2,208	1,032	1,752
2,208	2,268	1,044	1,800
2,268	2,328	1,056	1,848
2,328	2,376	1,068	1,896
2,376	2,436	1,080	1,944
2,436	2,496	1,092	1,992
2,496	2,544	1,104	2,028
2,544	2,604	1,116	2,076
2,604	2,664	1,128	2,124
2,664	2,712	1,140	2,160
2,712	2,772	1,152	2,208
2,772	2,832	1,164	2,256
2,832	2,880	1,188	2,292
2,880	2,940	1,200	2,340
2,940	3,000	1,212	2,388
3,000	3,048	1,224	2,424
3,048	3,108	1,236	2,472
3,108	3,168	1,248	2,520
3,168	3,216	1,260	2,568
3,216	3,276	1,272	2,616
3,276	3,336	1,284	2,664
3,336	3,384	1,296	2,700
3,384	3,444	1,308	2,748
3,444	3,504	1,320	2,796
3,504	3,552	1,332	2,832
3,552	3,612	1,344	2,880
3,612	3,672	1,368	2,928
3,672	3,720	1,380	2,964
3,720	3,780	1,392	3,012
3,780	3,840	1,404	3,060
3,840	3,888	1,416	3,096
3,888	3,948	1,428	3,144
3,948	4,008	1,440	3,192
4,008	4,056	1,452	3,240
4,056	4,116	1,464	3,288
4,116	4,176	1,476	3,336
4,176	4,224	1,488	3,372
4,224	4,284	1,500	3,420
4,284	4,344	1,512	3,468
4,344	4,392	1,524	3,504

“TABLE FOR DETERMINING MINIMUM ANNUITY BASE AND MAXIMUM GUARANTEE—  
Continued

I (Average salary)		II (Minimum annuity base)	III (Maximum guarantee)
If an employee's average salary (as determined under subsection (e)) is—		The amount referred to in the preceding paragraph of this subsection shall be—	And the maximum guarantee (as provided in section 9(m)) shall be—
At least—	But less than—		
\$4,392	\$4,452	\$1,536	\$3,552
4,452	4,512	1,560	3,576
4,512	4,560	1,572	3,600
4,560	4,620	1,584	3,624
4,620	4,680	1,596	3,648
4,680	4,728	1,608	3,660
4,728	4,788	1,620	3,684
4,788	4,848	1,632	3,708
4,848	4,896	1,644	3,732
4,896	4,956	1,656	3,756
4,956	5,016	1,668	3,780
5,016	5,064	1,680	3,792
5,064	5,124	1,692	3,816
5,124	5,184	1,704	3,840
5,184	5,244	1,716	3,864
5,244	5,292	1,728	3,888
5,292	5,352	1,740	3,912
5,352	5,412	1,752	3,936
5,412	5,460	1,764	3,960
5,460	5,520	1,776	3,984
5,520	5,580	1,788	4,008
5,580	5,628	1,800	4,020
5,628	5,688	1,812	4,044
5,688	5,748	1,824	4,068
5,748	5,796	1,836	4,092
5,796	5,856	1,848	4,116
5,856	5,916	1,860	4,140
5,916	5,964	1,872	4,152
5,964	6,024	1,884	4,176
6,024	6,084	1,896	4,200
6,084	6,132	1,908	4,224
6,132	6,192	1,920	4,248
6,192	6,252	1,932	4,272
6,252	6,300	1,944	4,296
6,300	6,360	1,956	4,320
6,360	6,420	1,968	4,344
6,420	6,468	1,980	4,356
6,468	6,528	1,992	4,380
6,528	6,588	2,004	4,404
6,588		2,016	4,416”

1 RETIREMENT COVERAGE FOR CERTAIN EMPLOYEES ON  
2 LEAVE WITHOUT PAY

3 SEC. 503. Section 3 of the Civil Service Retirement  
4 Act (5 U.S.C. 2253) is amended by adding at the end  
5 thereof the following new subsection:

6 “(k) (1) An employee who enters on approved leave  
7 without pay to serve as a full-time officer or employee of an  
8 organization composed primarily of employees, as defined in  
9 section 1 (a) of this Act, may, within sixty days after enter-  
10 ing on such leave without pay, file with his employing  
11 agency an election to receive full retirement credit for his



1 periods of such leave without pay and arrange to pay cur-  
2 rently into the fund, through his employing agency, amounts  
3 equal to the retirement deductions which would be applicable  
4 if he were in pay status. An employee who is on approved  
5 leave without pay and serving as a full-time officer or em-  
6 ployee of such an organization on the date of enactment of  
7 this subsection may similarly elect within sixty days after  
8 such date of enactment. If the election provided by this  
9 paragraph is not made, the employee shall receive credit  
10 for such periods of leave without pay as provided in the sec-  
11 ond sentence of section 3 (c) of this Act.

12 “(2) An employee may deposit with interest an amount  
13 equal to retirement deductions representing periods of ap-  
14 proved leave without pay while serving, prior to the date  
15 of enactment of this subsection, as a full-time officer or  
16 employee of an organization composed primarily of em-  
17 ployees, as defined in section 1 (a) of this Act, and may  
18 receive full retirement credit for such periods of leave with-  
19 out pay. In the event of his death, a survivor as defined in  
20 section 1 (o) of this Act may make such deposit. If the  
21 deposit described in this paragraph is not made, retirement  
22 credit shall be allowed in accordance with the second sen-  
23 tence of section 3 (c) of this Act.”

## IMMEDIATE RETIREMENT

SEC. 504. (a) Section 6 (a) of the Civil Service Retirement Act (5 U.S.C. 2256 (a) ) is amended to read as follows:

“(a) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.”

(b) Section 6 (b) of such Act (5 U.S.C. 2256 (b) ) is amended to read as follows:

“(b) Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.”

(c) Section 6 (f) of such Act (5 U.S.C. 2256 (f) ) is amended—

(1) by inserting in the third sentence thereof immediately following the words “Any Member” the words “or former Member”; and

(2) by adding immediately following the third sentence thereof the following new sentence: “For the purposes of the immediately preceding sentence, service in an office or position in the executive branch of the Government of the United States, including each corpora-



tion owned or controlled by such Government, which terminates after March 31, 1966, shall be held and considered to be Member service.”.

#### ANNUITY COMPUTATION

SEC. 505. (a) Section 9 (c) of the Civil Service Retirement Act (5 U.S.C. 2259 (c) ) is amended by striking out in the second sentence thereof the words “from the service” and inserting in lieu thereof “or, if he elects to have his annuity computed or recomputed pursuant to section 13 (c) of this Act following service in an appointive position which terminates after March 31, 1966, the basic salary he is receiving at the time of separation from such appointive position, whichever is the greater”.

(b) Section 9 (d) of such Act (5 U.S.C. 2259 (d) ) is amended to read as follows:

“(d) The annuity as hereinbefore provided, for an employee retiring under section 6 (d) , shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6 (f) or the third sentence of section 8 (b) , shall be reduced by one-twelfth of 1 per centum for each full month not in excess of

1 sixty, and one-sixth of 1 per centum for each full month in  
2 excess of sixty, such Member is under the age of sixty years  
3 at date of separation."

4 ~~(e)~~ Section 9 of such Act ~~(5 U.S.C. 2259)~~ is amended  
5 by adding at the end thereof the following subsections:

6 ~~"(j)~~ If after 1966 an employee retires under section  
7 6 or 7, his annuity shall be at least the smallest of ~~(1)~~ the  
8 minimum annuity base ~~(as determined under section 1(u))~~;  
9 or ~~(2)~~ the sum necessary to increase to such minimum an-  
10 nuity base the product of twelve times any monthly Social  
11 Security Act benefit to which he is entitled or to which he  
12 would be entitled upon proper application; or ~~(3)~~ 80 per  
13 centum of the average salary; however, for an employee  
14 retiring under section 6, this proviso shall not apply to his  
15 annuity for any month prior to the month in which he attains  
16 age 65.

17 ~~"(k)~~ If after 1966 an employee dies after completing at  
18 least five years of civilian service or dies, having retired after  
19 1966 under section 6 or 7, the annuity granted to the widow  
20 or dependent widower of such employee under section 10(c)  
21 or to the surviving wife or husband under section 10(a) shall  
22 be at least the smallest of ~~(1)~~ 75 per centum of the minimum  
23 annuity base; for any month prior to the month in which  
24 such survivor attains the age of 62, and  $82\frac{1}{2}$  per centum of



1 the minimum annuity base, for any month thereafter, or ~~(2)~~  
2 the sum necessary to increase to such amount the product of  
3 twelve times any monthly Social Security Act benefit to  
4 which such survivor is entitled or to which he or she would be  
5 entitled upon proper application, or ~~(3)~~ 80 per centum of  
6 the average salary. This subsection shall not apply to the  
7 annuity of any survivor of any employee for any month  
8 prior to the month in which he or she attains age 62, unless  
9 for that month an annuity is payable to at least one child  
10 of the employee under section 10(d), and unless the youngest  
11 such child has not attained the age of 18 prior to that month;  
12 except that this subsection shall apply if for that month an  
13 annuity is payable to at least one unmarried child of the  
14 employee under section 10(d) who had attained age 18 prior  
15 to that month but is incapable of self-support because of  
16 physical or mental disability incurred before age 18. This  
17 subsection shall not apply in the case of a surviving wife or  
18 husband under section 10(a)(1) where the retired em-  
19 ployee did not elect to provide a survivor annuity or elected  
20 one based on less than the full amount of his annuity.

21 “(1) If after 1966 an employee dies after completing  
22 at least five years of civilian service, or an employee who  
23 retired after 1966 under section 6 or 7 dies, the annuity  
24 granted to each surviving child under section 10(d) shall

1 be at least the smallest of ~~(1)~~ 75 per centum of the minimum  
 2 annuity base, or ~~(2)~~ the sum necessary to increase to such  
 3 amount the product of twelve times any monthly Social  
 4 Security Act benefit to which such child is entitled or to  
 5 which he would be entitled upon proper application, or ~~(3)~~  
 6 80 per centum of the average salary.

7       “~~(m)~~ Whenever the total of annuities payable to all  
 8 survivors of an employee or annuitant is greater than ~~(1)~~  
 9 the amount appearing in column III of the table in section  
 10 ~~1(u)~~ on the line on which appears in column I his average  
 11 salary, minus ~~(2)~~ the product of twelve times the sum of all  
 12 monthly Social Security Act benefits to which all such sur-  
 13 vivors are entitled or to which they would be entitled upon  
 14 proper application, the annuities payable under subsections  
 15 ~~(k)~~ and ~~(l)~~ shall be reduced proportionately to such  
 16 amounts; however, this subsection shall not act to reduce the  
 17 annuity of any survivor payable without regard to subsec-  
 18 tions ~~(k)~~ and ~~(l)~~.

19       “~~(n)~~ Subsections ~~(j)~~, ~~(k)~~, ~~(l)~~, and ~~(m)~~ of this section  
 20 shall not apply in the case of any alien employed outside  
 21 a State of the United States, the District of Columbia,  
 22 Puerto Rico, the Virgin Islands, Guam, and American  
 23 Samoa.”



## SURVIVOR ANNUITIES

SEC. 506. (a) Section 10 (a) (2) of the Civil Service Retirement Act (5 U.S.C. 2260 (a) (2) ) is amended to read as follows:

“(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor’s remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor’s death or remarriage.”

(b) The last sentence of section 10 (c) of such Act (5 U.S.C. 2260 (c) ) is amended to read as follows: “The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower’s becoming capable of self-support.”

1       (c) Section 10(d) of such Act (5 U.S.C. 2260(d))  
2 is amended to read as follows:

3       “(d) If an employee or a Member dies after complet-  
4 ing at least five years of civilian service, or an employee or a  
5 Member dies after having retired under any provision of this  
6 Act, and is survived by a wife or by a husband, each sur-  
7 viving child shall be paid an annuity equal to the smallest  
8 of (1) 40 per centum of the employee’s or Member’s aver-  
9 age salary divided by the number of children, (2) \$600, or  
10 (3) \$1,800 divided by the number of children, subject to  
11 the provisions of section 18. If such employee or Member  
12 is not survived by a wife or husband, each surviving child  
13 shall be paid an annuity equal to the smallest of (1) 50 per  
14 centum of the employee’s or Member’s average salary  
15 divided by the number of children, (2) \$720, or (3) \$2,160  
16 divided by the number of children, subject to the provisions  
17 of section 18. The child’s annuity shall commence on the  
18 day after the employee or Member dies or the first day of  
19 the month in which the child later becomes or again becomes  
20 a student as described in section 1(j), provided the lump-  
21 sum credit, if paid, is returned to the fund. Such annuity  
22 granted under this Act or under the Act of May 29, 1930,  
23 as amended from and after February 28, 1948, or any right  
24 thereto shall terminate on the last day of the month before  
25 (1) the child’s attaining age eighteen unless he is then a



1 student as described or incapable of self-support, (2) his  
2 becoming capable of self-support after attaining age eighteen  
3 unless he is then such a student, (3) his attaining age  
4 twenty-two if he is then such a student and not incapable  
5 of self-support, (4) his ceasing to be such a student after  
6 attaining age eighteen unless he is then incapable of self-  
7 support, (5) his marriage, or (6) his death, whichever first  
8 occurs. Upon the death of the surviving wife or husband  
9 or termination of the child's annuity, the annuity of any  
10 other child or children shall be recomputed and paid as  
11 though such wife, husband, or child had not survived the  
12 employee or Member."

13 (d) Section 10 of such Act (5 U.S.C. 2260) is amended  
14 by adding at the end thereof the following subsection:

15 " (f) In the case of a surviving spouse whose annuity  
16 under this section is hereafter terminated because of remar-  
17 riage before attaining age sixty, annuity at the same rate  
18 shall be restored commencing on the day such remarriage  
19 is dissolved by death, annulment, or divorce: *Provided*, That  
20 (1) said surviving spouse elects to receive such annuity  
21 in lieu of any survivor benefit to which he or she may be  
22 entitled, under this or any other retirement system established  
23 for employees of the Government, by reason of the remarriage  
24 and (2) any lump sum paid upon termination of the annuity  
25 is returned to the fund."

## RECOMPUTATION OF CERTAIN ANNUITIES

SEC. 507. Effective July 1, 1966, the annuity of—

(1) each retired employee who retired under the Civil Service Retirement Act on or after April 1, 1948, and prior to October 11, 1962, and who elected a reduction in his or her annuity in order to provide a survivor annuity for his or her spouse,

(2) each survivor designated by an individual who retired under such Act as described in subparagraph (1) of this section, and

(3) each surviving spouse whose entitlement to annuity under such Act resulted from the death of an employee on or after February 29, 1948, and prior to October 11, 1962,

shall be recomputed and paid as if the formula enacted by section 1103 of the Postal Service and Federal Employees Salary Act of 1962 (76 Stat. 870; Public Law 87-793) had been in effect on the date of such retirement or death. No decrease shall be made, by reason of the enactment of this section, in the annuity received by any person immediately prior to July 1, 1966, or the annuity which any person may be entitled to receive immediately prior to such date. The annuity of a child shall not be affected by reason of the enactment of this section. No annuity shall be paid, by rea-



1 son of the enactment of this section, for any period prior to  
2 the date of such enactment.

### 3 EFFECTIVE DATES

4 SEC. 508. ~~(a)~~ Except as otherwise provided—

5 ~~(1)~~ this section, section 507, and subsections 1(j),  
6 ~~3(k), 6(a), 6(b), 6(f), 9(c), 9(d), 10(a)(2),~~  
7 ~~10(e), 10(d), and 10(f)~~ of the Civil Service Retirement  
8 Act, as enacted or amended by this title, shall be-  
9 come effective on the date of enactment of this Act.

10 ~~(2)~~ subsection ~~(u)~~ of section 1, and subsections  
11 ~~(j), (k), (l), (m), and (n)~~ of section 9, of such Act,  
12 as enacted by this title, shall become effective on Janu-  
13 ary 1, 1967.

### 14 EFFECTIVE DATES

15 SEC. 508. (a) Except as otherwise provided, this sec-  
16 tion, section 507, section 509, and subsections 1(j), 3(k),  
17 6(a), 6(b), 6(f), 9(c), 9(d), 10(a)(2), 10(c), 10(d),  
18 and 10(f) of the Civil Service Retirement Act, as enacted  
19 or amended by this title, shall become effective on the date  
20 of enactment of this Act.

21 (b) The amendments made by this title, except the  
22 amendment to section 1(j) of the Civil Service Retirement  
23 Act, shall not apply in the cases of persons retired or other-  
24 wise separated prior to these respective effective dates, and

1 the rights of such persons and their survivors shall continue  
 2 in the same manner and to the same extent as if this title  
 3 had not been enacted.

4 (c) The amendment made by this title to section 1 (j)  
 5 of the Civil Service Retirement Act shall become effective  
 6 with respect to the children of persons retired or otherwise  
 7 separated prior to, on, or after the date of enactment of this  
 8 Act, except that no annuity shall be paid by reason of this  
 9 amendment for any period prior to the date of its enactment.

10 MISCELLANEOUS

11 SEC. 509. The provisions under the heading "CIVIL  
 12 SERVICE RETIREMENT AND DISABILITY FUND" in title I  
 13 of the Independent Offices Appropriation Act, 1959 (72  
 14 Stat. 1064; Public Law 85-844), shall not apply with  
 15 respect to benefits resulting from the enactment of this Act.

16 TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS  
 17 GOVERNMENT CONTRIBUTIONS

18 SEC. 601. Subsection (a) of section 7 of the Federal  
 19 Employees Health Benefits Act of 1959, as amended (73  
 20 Stat. 713; 5 U.S.C. 3006 (a)), is amended to read as  
 21 follows:

22 "(a) (1) Except as provided in paragraph (2) of this  
 23 subsection, the biweekly Government contribution for health  
 24 benefits for employees or annuitants enrolled in health bene-  
 25 fits plans under this Act, in addition to the contributions re-



1    quired by paragraph (3), shall be \$1.62 if the enrollment  
2    is for self alone or \$3.94 if the enrollment is for self and  
3    family, commencing with the first pay period beginning on  
4    or after July 1, 1966.

5        “(2) For an employee or annuitant enrolled in a plan  
6    for which the biweekly subscription charge is less than twice  
7    the Government contribution established under paragraph  
8    (1) of this subsection, the Government contribution shall  
9    be 50 per centum of the subscription charge, commencing  
10   with the first pay period beginning on or after July 1, 1966.”

89TH CONGRESS  
2D SESSION

H. R. 14122

[Report No. 1410]

A BILL

To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

By Mr. MORRISON

MARCH 30, 1966

Referred to the Committee on Post Office and Civil Service

APRIL 1, 1966

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed









# **DIGEST** of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
FOR INFORMATION ONLY;  
(NOT TO BE QUOTED OR CITED)

Issued April 5, 1966  
For actions of April 4, 1966  
89th-2nd; No. 58

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**HIGHLIGHTS:** House passed food for India resolution. House debated pay-fringe benefits bill. Rep. Findley criticized report Secretary "applauded" drop in farm prices. Rep. Hamilton criticized Budget Bureau limitation on watershed projects.

### HOUSE

- 1. FOOD FOR INDIA.** Passed, under suspension of the rules, H. J. Res. 997, endorsing and supporting the President's initiative in organizing substantial American participation in an urgent international effort designed to: Help meet India's pressing food shortages by making available to India under Public Law 480 agricultural commodities to meet India's normal import needs plus added quantities of agricultural commodities as the U. S. share in the international response to the Indian emergency; help combat malnutrition, especially in mothers and children, via a special program; and encourage and assist those



measures which the Government of India is planning to expand India's own agricultural production. The Agriculture Committee amended the measure to urge that, to the extent necessary, the food made available by this program be distributed in such manner that hungry people without money will be able to obtain food, and to request the President to join India in pressing on other nations the urgency of sharing appropriately in a truly international response to India's critical need. pp. 7133-39

Rep. Ellsworth commended passage of the resolution and urged increased U. S. food production to help meet increasing world food needs. pp. 7170-1

2. PERSONNEL; PAY. Debated H. R. 14122, the proposed Federal Salary and Fringe Benefits Act of 1966. A vote on the bill was postponed until Wed. (pp. 7120-33) This bill was reported with amendments Apr. 1, during adjournment of the House (H. Rept. 1410) (p. 7193).

As reported, the bill included provisions as follows:

Provides across-the-board pay raises of 2.87 to 2.9 percent, effective the first pay period beginning on or after July 1, 1966, for classified, ASC county committee employees, employees whose salary rates are fixed by administrative action, and certain other specified employees (except that increases in GS-16, 17, and 18 will be two percent).

Grants employees the option of retiring at age 55 with 30 years service, or at age 60 with 20 years of service, without any reduction in annuity because of early-age retirement. (No authority is provided for the Government to mandatorily retire employees, as requested by the Administration.)

Increases the biweekly Government contributions for health benefits of employees or annuitants enrolled in health benefits plans to \$1.62 for self-alone enrollment and \$3.94 for self and family enrollment. Provides that if the biweekly subscription charge for the employee's or annuitant's plan is less than twice the Government contribution as so increased, the Government contribution shall be 50 percent of the subscription charge.

Increases the maximum uniform allowance for employees who must purchase uniforms, on a graduated basis from 25 to 40 percent, and makes uniform allowance mandatory where authorized by law.

Provides that persons who retired between Apr. 1, 1948, and Oct. 10, 1962, with reduced annuity to provide surviving spouse benefits, and each survivor of such a person are authorized to have their annuity benefits recomputed under Public Law 87-793.

Grants classified employees time and one-half overtime pay for work in excess of 8 hours a day, and increases the maximum rate of overtime from grade GS-9 to grade GS-10.

Grants classified and wage board employees 25-percent premium compensation for work on Sundays which is not subject to overtime pay.

Broadens the definition of "child" under the Retirement Act so as to extend entitlement of a child survivor attending school until his 22nd birthday. Eliminates the present "dependency" requirement for surviving children so that a child need no longer have received over half his support from the decedent.

3. TREASURY, POST OFFICE, EXECUTIVE OFFICE, AND INDEPENDENT AGENCIES APPROPRIATION BILL, 1967. The Appropriations Committee reported this bill, H. R. 14266 (H. Rept. 1412). p. 7193

4. DEFENSE PRODUCTION. The Banking and Currency Committee reported with amendments (on Apr. 2 during adjournment) H. R. 14025, to extend the Defense Production Act (H. Rept. 1411). p. 7193



memoration of the one hundredth anniversary of the founding of the United States Secret Service, the Secretary of the Treasury (hereinafter referred to as the "Secretary") is authorized and directed to strike bronze medals of a suitable size, and with suitable emblems, devices, and inscriptions to be determined solely by the Secretary.

SEC. 2. The Secretary shall cause such medals to be struck and sold by the mint, as a list medal, under such regulations as he may prescribe, at a price sufficient to cover the cost thereof, including labor, materials, dies, use of machinery, and overhead expenses.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### ALASKA CENTENNIAL MEDAL

The Clerk called the bill (S. 2719) to provide for the striking of medals in commemoration of the 100th anniversary of the purchase of Alaska by the United States from Russia.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HALL. Mr. Speaker, reserving the right to object, I should like to verify and confirm again the question concerning whether the cost of striking this medal will come out of the \$4.5 million recently allocated by House-passed action, or whether there is an additional possible cost to the American taxpayer?

Mrs. SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. HALL. I yield to the gentleman from Missouri.

Mrs. SULLIVAN. The answer is "no" to the gentleman. These medals will not cost the taxpayer anything.

Mr. HALL. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

S. 2719

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in commemoration of the one hundredth anniversary of the purchase of Alaska by the United States from Russia (which anniversary will be celebrated in 1967), the Secretary of the Treasury is authorized and directed to strike and furnish to the Alaska Centennial Commission not more than two hundred thousand medals with suitable emblems, devices, and inscriptions to be determined by the Alaska Centennial Commission subject to the approval of the Secretary of the Treasury. The medals shall be made and delivered at such times as may be required by the Commission in quantities of not less than two thousand, but no medals shall be made after December 31, 1967. The medals shall be considered to be national medals within the meaning of section 3551 of the Revised Statutes.*

SEC. 2. The Secretary of the Treasury shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture, including labor, materials, dies, use of machinery, and overhead expenses; and security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for full payment of such costs.

SEC. 3. The medals authorized to be issued pursuant to this Act shall be of such size or sizes and of such metals as shall be determined by the Secretary of the Treasury in consultation with such Commission.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### SCRANTON, PA., 100TH ANNIVERSARY COMMEMORATIVE MEDAL

The Clerk called the bill (S. 2831) to furnish to the Scranton Association, Inc., medals in commemoration of the 100th anniversary of the founding of the city of Scranton, Pa.

There being no objection, the Clerk read the bill, as follows:

S. 2831

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in the commemoration of the one hundredth anniversary of the founding of the city of Scranton, Pennsylvania, the Secretary of the Treasury is authorized and directed to strike and furnish to the Scranton Association, Incorporated, not more than one hundred and fifty thousand medals with suitable emblems, devices, and inscriptions to be determined by the Scranton Association, Incorporated, subject to the approval of the Secretary of the Treasury. The medals shall be made and delivered at such times as may be required by the association in quantities of not less than two thousand, but no medals shall be made after December 31, 1966. The medals shall be considered to be national medals within the meaning of section 3551 of the Revised Statutes (31 U.S.C. 368).*

SEC. 2. The Secretary of the Treasury shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture, including labor, materials, dies, use of machinery, and overhead expenses; and security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for the full payment of such cost.

SEC. 3. The medals authorized to be issued pursuant to this Act shall be of such size or sizes and of such metals as shall be determined by the Secretary of the Treasury in consultation with such association.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

(Mr. McDADE asked and was given permission to extend his remarks at this point in the Record.)

Mr. McDADE. Mr. Speaker, it is a rare privilege for me to take the floor today in behalf of legislation which will honor a great city, the city of Scranton. That city is observing the 100th anniversary of its founding, and I am proud to be the Congressman representing Scranton in this auspicious year.

At the beginning of this year, after conferring with the Banking and Currency Committee, with the Bureau of the Budget, and with the Treasury Department, I drew up legislation to authorize the minting of a commemorative medal to honor Scranton in its 100th year. I then conferred with my distinguished colleague in the other body, the junior Senator from Pennsylvania, Senator HUGH SCOTT. The distinguished Senator agreed to sponsor the legislation in the Senate, and did so. It was reported out of the Banking and Currency Committee, and was passed by that body on March 14. I was delighted at this rapid action in the Senate, as was also the distinguished Senator from Pennsylvania.

In rapid fashion, too, the bill has been reported out of the House Banking and Currency Committee, and has been called up on the Consent Calendar. I am grateful to my colleague from Missouri for the rapid action of her subcommittee in this matter. In the interest of saving time, the distinguished chairman of the Banking and Currency Committee is substituting the Senate bill, and I am indeed grateful to the distinguished chairman for this fine action.

This is indeed a bill eminently worthy of passage. Scranton is a city which might be held up to all other cities in America as an example of true American initiative and know-how. Over the course of the century of its existence, Scranton rose in prominence as a great center of the anthracite coal industry in America. For many generations, the coal industry was the dominant industry of the community, and the lives of her people centered about the coal mines, the collieries, and the breakers. But time was unkind to the coal industry, and gradually the coal mining fell off and unemployment walked among us.

But if the coal industry was falling slowly into a low place in the national industrial picture, Scranton was not willing to die because of the failure of its principal industry.

The people of Scranton set to work to build up new industries. They formed industrial development organizations which raised money from among the people of Scranton, then went out looking for industry. They were cited by Look magazine as one of the outstanding cities in America for this program which was called Operation Bootstrap.

I might remark in passing that in 1962, when I was first elected to Congress, the unemployment rate in Scranton stood at approximately 14 percent. Today that unemployment rate has been cut in half. In that same year, 1962, the men of Scranton walked the streets of the city and of nearby cities seeking any job they might find. Today the industrial growth is so significant that the companies are now out walking the streets looking for the workers to fill the factories to fill the contracts.

Scranton has begun a whole new growth, and so this centennial looks not only to the past, but even more so to the future. I do not have the crystal ball that might tell what the next hundred years might bring. But I do have one piece of knowledge that is invaluable in making such a prediction. I know the people of Scranton.

They are the salt of the earth. They are industrious. They are intelligent. They are ambitious for a better city. They are the friendliest people on earth. So I look to the future with great confidence. I do not know who will be the Congressman from that district when the second centennial rolls around. But whoever he may be, I know that he will still represent a community bursting with a desire to grow, to improve, to lead the Commonwealth of Pennsylvania, and to lead the Nation. And I know he will still represent the salt of the earth.

I would make one note of clarification with regard to the paragraph entitled "Use of Precious Metals" on page 2 of



House Report No. 1383. In advising the committee, I make the inadvertent use of the word "strategic" where I should have used the word "precious," such as gold or silver. I want to note that there may well be the use of such a metal as copper in the striking of this medal, and copper is a strategic metal. The amount of copper that might be used in these medals, however, will be so slight as to have no impact whatsoever on our national defense.

I hope my colleagues will see fit to pass this bill which I authored. It is a good bill to honor a great city.

# SEVENTY-FIFTH ANNIVERSARY MEDAL OF THE AMERICAN NUMISMATIC ASSOCIATION

The Clerk called the bill (S. 2835) to provide for the striking of medals in commemoration of the 75th anniversary of the founding of the American Numismatic Association.

There being no objection, the Clerk read the bill, as follows:

S. 2835

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in commemoration of the seventy-fifth anniversary of the founding in 1891 of the American Numismatic Association, which now holds a perpetual Federal charter from the Congress, the Secretary of the Treasury is authorized and directed to strike and furnish to the*

American Numismatic Association not more than fifty thousand medals with suitable emblems, devices, and inscriptions to be determined by the American Numismatic Association subject to the approval of the Secretary of the Treasury. The medals shall be made and delivered at such times as may be required by the association in quantities of not less than two thousand, but no medals shall be made after December 31, 1967. The medals shall be considered to be national medals within the meaning of section 3551 of the Revised Statutes.

SEC. 2. The Secretary of the Treasury shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture, including labor, materials, dies, use of machinery, and overhead expenses; and security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for the full payment of such costs.

SEC. 3. The medals authorized to be issued pursuant to this Act shall be of such size or sizes and of such various metals as shall be determined by the Secretary of the Treasury in consultation with the American Numismatic Association.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Consent Calendar.

## FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

Mr. MORRISON. Mr. Speaker, I move to suspend the rules and pass the bill

(H.R. 14122) to adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes, as amended.

Mr. Speaker, my motion to suspend the rules is made with the clear understanding that it will establish no precedent for similar consideration of major Federal salary and fringe benefit legislation in the future.

The SPEAKER. With that understanding, the Chair recognizes the motion of the gentleman from Louisiana to suspend the rules and pass the bill, H.R. 14122, as amended.

The Clerk read as follows:

H.R. 14122

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Salary and Fringe Benefits Act of 1966".*

### TITLE I—EXECUTIVE BRANCH

#### Short title

SEC. 101. This title may be cited as the "Federal Employees Salary Act of 1966".

*Employees subject to Classification Act of 1949*

SEC. 102. (a) Section 603(b) of the Classification Act of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113(b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:

"Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2.....	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3.....	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5.....	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6.....	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8.....	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9.....	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10.....	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11.....	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12.....	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14.....	15,106	15,269	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15.....	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16.....	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	
GS-17.....	22,760	23,520	24,280	25,040	25,800					
GS-18.....	25,890									

(b) Except as provided in section 504(d) of the Federal Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C. 1173(d)), the rates of basic compensation of officers and employees to whom the compensation schedule set forth in subsection (a) of this section applies shall be initially adjusted as of the effective date of this section, as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the rates of a grade in the General Schedule of the Classification Act of 1949, as amended he shall receive a rate of basic compensation at the corresponding rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between two rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date.

(3) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208(b) of the Act of September 1, 1954 (68 Stat. 1111), plus subsequent increases authorized by law, he shall receive an aggregate rate of compensation equal to the sum of his existing aggregate rate of compensation, on the day preceding the effective date of this section, plus the amount of increase made by this section in the maximum rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the opera-

tion of this Act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purposes of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of compensation of the employee.

*New appointments under Classification Act of 1949*

SEC. 103. Section 801 of the Classification Act of 1949, as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new appointments, is amended by striking out "grade 13" and inserting in lieu thereof "grade 11."

#### Postal field service employees

SEC. 104. (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:



"(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the

Postal Field Service Schedule and for which the symbol shall be 'PES'. Except as provided in sections 3543 and 3544 of this title,

basic compensation shall be paid to all employees in accordance with such schedule.

#### "POSTAL FIELD SERVICE SCHEDULE

"PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3	4,919	5,085	5,261	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5	5,697	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,132	8,346
7	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	
8	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203		
9	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960		
10	8,345	8,628	8,911	9,194	9,477	9,760	10,043	10,326	10,609	10,892		
11	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056		
12	10,202	10,549	10,896	11,243	11,590	11,937	12,284	12,631	12,978	13,325		
13	11,274	11,663	12,052	12,441	12,830	13,219	13,608	13,997	14,386	14,775		
14	12,427	12,859	13,291	13,723	14,155	14,587	15,019	15,451	15,883	16,315		
15	13,736	14,210	14,684	15,158	15,632	16,106	16,580	17,054	17,528	18,002		
16	15,179	15,707	16,235	16,763	17,291	17,819	18,347	18,875	19,403	19,931		
17	16,793	17,380	17,967	18,554	19,141	19,728	20,315	20,902	21,489	22,076		
18	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065		
19	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320				
20	22,760	23,520	24,280	25,040	25,800							

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compen-

sation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be 'RCS'. Compensation shall

be paid to rural carriers in accordance with this schedule.

#### "RURAL CARRIER SCHEDULE

	"Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles	25	25	25	25	25	25	25	25	25	25	25	25"

(c) Section 3544(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule, which shall be known as the

Fourth Class Office Schedule and for which the symbol shall be 'FOS', for postmasters in post offices of the fourth class, which is based on the revenue units of the post office for the

preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accordance with this schedule.

#### "FOURTH CLASS OFFICE SCHEDULE

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30	3,716	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 18	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893"

(d) The basic compensation of each employee subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth Class Office Schedule immediately prior to the effective date of this section shall be determined as follows:

(1) Each employee shall be assigned to the same numerical step for his position which he had attained immediately prior to such effective date. If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this Act, such changes shall be deemed to have occurred prior to conversion.

(2) If the existing basic compensation is greater than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation

shall be established as his basic compensation.

*Employees in the Department of Medicine and Surgery of the Veterans' Administration*

SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

"§ 4107. Grades and pay scales

"(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

#### "Section 4103 schedule

"Assistant Chief Medical Director, \$25,890.  
"Medical Director, \$22,760 minimum to \$25,800 maximum.

"Director of Nursing Service, \$17,550 minimum to \$23,013 maximum.

"Director of Chaplain Service, \$17,550 minimum to \$23,013 maximum.

"Chief Pharmacist, \$17,550 minimum to \$23,013 maximum.

"Chief Dietitian, \$17,550 minimum to \$23,013 maximum.

"(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

#### "Physician and dentist schedule

"Director grade, \$20,075 minimum to \$25,435 maximum.

"Executive grade, \$18,730 minimum to \$24,355 maximum.

"Chief grade, \$17,550 minimum to \$23,013 maximum.

"Senior grade, \$15,106 minimum to \$19,813 maximum.

"Intermediate grade, \$12,873 minimum to \$16,905 maximum.



"Full grade, \$10,927 minimum to \$14,338 maximum.

"Associate grade, \$9,221 minimum to \$12,056 maximum.

*"Nurse schedule*

"Assistant Director grade, \$15,106 minimum to \$19,813 maximum.

"Chief grade, \$12,873 minimum to \$16,905 maximum.

"Senior grade, \$10,927 minimum to \$14,338 maximum.

"Intermediate grade, \$9,221 minimum to \$12,056 maximum.

"Full grade, \$7,696 minimum to \$10,045 maximum.

"Associate grade, \$6,730 minimum to \$8,749 maximum.

"Junior grade, \$5,867 minimum to \$7,649 maximum.

"(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of

chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position."

*Foreign Service officers; staff officers and employees*

Sec. 106. (a) The fourth sentence of section 412 of the Foreign Service Act of 1946, as amended (22 U.S.C. 867), is amended to read as follows: "The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

"Class 1.....	\$23,935	\$24,770	\$25,890				
Class 2.....	19,504	20,181	20,858	\$21,535	\$22,212	\$22,889	\$23,566
Class 3.....	15,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7.....	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729"

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a))

is amended to read as follows: "The per annum salaries of such staff officers and

employees within each class shall be as follows:

"Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216"

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act of 1946 shall receive basic compensation, on and after such effective date, at the rate of their class determined to be appropriate by the Secretary of State.

*Agricultural Stabilization and Conservation County Committee employees*

SEC. 107. The rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

*Salary rates fixed by administrative action*

SEC. 108. (a) The rates of basic compensation of assistant United States attorneys whose basic salaries are fixed pursuant to section 508 of title 28, United States Code, shall be increased, effective on the effective date of section 102 of this title, by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

(b) Notwithstanding section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), the rates of compensation of officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of compensation are fixed by administrative action pursuant to law and are not otherwise increased by this Act are hereby authorized to be increased, effective on the effective date of section 102 of this title, by amounts not to exceed the increases provided by this title for corresponding rates of compensation in the appropriate schedule or scale of pay.

(c) Nothing contained in this section shall be held or considered to authorize any increase in the rates of compensation of officers and employees whose rates of compensation are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates or practices.

(d) Nothing contained in this section shall affect the authority contained in any law pursuant to which rates of compensation may be fixed by administrative action.

*Effective dates*

SEC. 109. This title shall become effective as follows:

(1) This section and sections 101, 103, and 108 shall become effective on the date of enactment of this Act.

(2) Sections 102, 104, 105, 106, and 107 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

**TITLE II—JUDICIAL BRANCH**

*Short title*

SEC. 201. This title may be cited as the "Federal Judicial Salary Act of 1966".

*Judicial branch employees*

SEC. 202. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed by or pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3656 of title 18, United States Code, the third sentence of section 603, sections 671 to 675, inclusive, or section 604(a)(5), of title 675, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amounts reflecting the respective applicable increases provided by section 102 (a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended. The rates of basic compensation of officers and employees holding upgraded positions and whose salaries are fixed pursuant to such section 604(a)(5) may be increased by the amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

(b) The limitations provided by applicable law on the effective date of this section with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges are hereby increased by amounts which reflect the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of com-

pensation for officers and employees subject to the Classification Act of 1949, as amended.

(c) Section 753(e) of title 28, United States Code (relating to the compensation of court reporters for district courts), is amended by striking out the existing salary limitation contained therein and inserting a new limitation which reflects the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

*Effective dates*

SEC. 203. This title shall become effective as follows:

(1) This section and section 201 shall become effective on the date of enactment of this Act.

(2) Section 202 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

**TITLE III—LEGISLATIVE BRANCH**

*Short title*

SEC. 301. This title may be cited as the "Federal Legislative Salary Act of 1966".

*Legislative branch employees*

SEC. 302. (a) Except as otherwise provided in this title, each officer or employee in or under the legislative branch of the Government, whose rate of compensation is increased by section 5 of the Federal Employees Pay Act of 1946, shall be paid additional compensation at the rate of 2.9 per centum of his gross rate of compensation (basic compensation plus additional compensation authorized by law).

(b) The total annual compensation in effect immediately prior to the effective date of this section of each officer or employee of the House of Representatives, whose compensation is disbursed by the Clerk of the House of Representatives and is not increased by reason of any other provision of this section, shall be increased by 2.9 per centum. Notwithstanding section 303 of this title or any other provision of this section, the total annual compensation of the Clerk of the House of Representatives and the Sergeant at Arms of the House of Representatives, respectively, shall be an amount which is equal to the total annual compensation of the



Secretary of the Senate and the Sergeant at Arms of the Senate, respectively.

(c) The rates of compensation of employees of the House of Representatives whose compensation is fixed by the House Employees Schedule under the House Employees Position Classification Act (78 Stat. 1079-1084; Public Law 88-652; 2 U.S.C. 291-303), including each employee subject to such Act whose compensation is fixed at a saved rate, are hereby increased by amounts equal, as nearly as may be practicable, to the increases provided by subsection (a) of this section.

(d) The additional compensation provided by this section shall be considered a part of basic compensation for the purposes of the Civil Service Retirement Act (5 U.S.C. 2251 and following).

(e) This section shall not apply with respect to the compensation of student congressional interns authorized by House Resolution 416, Eighty-ninth Congress, and the compensation of employees whose compensation is fixed by the House Wage Schedule under the House Employees Position Classification Act.

#### Salary increase limitation

SEC. 303. No rate of compensation shall be increased, by reason of the enactment of this title, to an amount in excess of the salary rate now or hereafter in effect for level V of the Federal Executive Salary Schedule.

#### Effective dates

SEC. 304. This title shall become effective as follows:

(1) This section and section 301 shall become effective on the date of enactment of this Act.

(2) Sections 302 and 303 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### TITLE IV—MISCELLANEOUS PROVISIONS

##### Salary steps for certain employees transferred to Postal Field Service

SEC. 401. Section 3551 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The Postmaster General may appoint or advance any Federal employee who, together with his function, is transferred, prior to, on, or after the date of enactment of this subsection, to a post office or other postal installation at or to (1) the minimum rate for his position, or (2) any higher rate for his position which is less than one full step above the highest rate of compensation received by him immediately prior to such transfer."

##### Postal seniority adjustments

SEC. 402. Section 3552(d) of title 39, United States Code, is amended to read as follows:

"(d) Notwithstanding any other provision of this section, the Postmaster General shall advance any employee in the postal field service who—

"(1) was promoted to a higher level between July 9, 1960, and October 13, 1962; and

"(2) is senior with respect to total postal service to an employee in the same post office promoted to the same level on or after October 13, 1962, and is in a step in the same level below the step of the junior employee.

Such advancement by the Postmaster General shall be to the highest step which is held by any such junior employee. Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained."

##### Special delivery messengers

SEC. 403. Section 3542(c) of title 39, United States Code, is amended—

(1) by striking out "7 cents per mile or major fraction thereof" and inserting in lieu thereof "10 cents per mile or major fraction thereof"; and

(2) by striking out "90 cents per hour" and inserting in lieu thereof "\$1.25 per hour".

#### Overtime

SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

(1) by inserting "or in excess of eight hours in a day" immediately following "in excess of forty hours in any administrative workweek"; and

(2) by striking out "grade GS-9", wherever occurring therein, and inserting in lieu thereof "grade GS-10".

(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out "grade GS-9" and inserting in lieu thereof "grade GS-10".

(c) Subsections (b) and (c) of section 3573 of title 39, United States Code, are amended by striking out "level PFS-7" and "level PFS-8", wherever appearing therein, and inserting in lieu thereof "level PFS-10" and "level PFS-11", respectively.

(d) Subsection (a) of section 3575 of title 39, United States Code, is amended to read as follows:

"(a) Sections 3571, 3573, and 3574 of this title do not apply to postmasters, rural carriers, and postal inspectors."

#### Sunday premium pay

SEC. 405. (a) The heading of title III of the Federal Employees Pay Act of 1945, as amended, is amended to read as follows:

"TITLE III—COMPENSATION FOR NIGHT, SUNDAY, AND HOLIDAY WORK"

(b) Section 302 of such Act, as amended (5 U.S.C. 922), is redesignated as section 303 of such Act.

(c) Title III of such Act, as amended (5 U.S.C. 921 and following), is amended by inserting immediately following section 301 thereof the following:

#### "Compensation for Sunday work

"SEC. 302. All work not exceeding eight hours which is not overtime work as defined in section 201 of this Act and which is performed within the period commencing at midnight Saturday and ending at midnight Sunday shall be compensated at the rate of basic compensation of the officer or employee performing such work on Sunday plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation."

(d) Section 401(1) of such Act, as amended (5 U.S.C. 926(1)), is amended by inserting "Sunday," immediately following the word "night".

(e) Section 401(2) of such Act, as amended (5 U.S.C. 926(2)), is amended by inserting "on Sundays," immediately following the words "duty at night".

(f) The first paragraph of section 23 of the Independent Offices Appropriation Act, 1935, as amended (5 U.S.C. 673c), is amended by inserting immediately before the period at the end thereof the following: "Provided further, That employees subject to this section whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during such eight-hour period of service".

#### Health and insurance coverage for certain employees on leave without pay

SEC. 406. (a) Section 6 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2095), is amended by

adding at the end thereof the following new subsection:

"(d) Notwithstanding the foregoing, an officer or employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, elect to continue his insurance and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions. If he does not so elect, his insurance will continue during nonpay status and terminate as provided in subsection (a) this section. The employing agency shall forward the premium payments to the fund established by section 5 of this Act."

(b) Section 7(b) of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3006(b)), is amended—

(1) by inserting "(1)" immediately following "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to continue his health benefits coverage and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions. If he does not so elect, his coverage will termination as specified in paragraph (1) and implementing regulations. The employing agency shall forward the enrollment charges so paid to the fund."

(c) An officer or employee who is on approved leave without pay and serving as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2091), or section 2 of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3001), as the case may be, may, within sixty days after the date of enactment of his Act, file with his employing agency an election to continue any insurance, or health benefits coverage, or both, that he has on the date of enactment of this Act, and arrange to pay currently into the employees' life insurance fund and the employees' health benefits fund, as appropriate, both employee and agency contributions. The employing agency shall forward such payments to the employees' life insurance fund and the employees' health benefits fund, as appropriate. If he does not so elect, any life insurance and health benefits coverage will continue and terminate as for other employees in nonpay status.

(d) The United States Civil Service Commission is authorized to issue regulations to carry out the purposes of this section and the amendments made by this section.

#### Increase in uniform allowances

SEC. 407. The Federal Employees Uniform Allowance Act, as amended (5 U.S.C. 2131-2133), is amended by adding at the end thereof the following new section:

"SEC. 405. Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title are hereby increased, subject to the maximum allowance authorized by this title, as follows:

"(1) If the maximum uniform allowance is \$100 or more, such allowance shall be increased by 25 per centum.

"(2) If the maximum uniform allowance is \$75 or more but less than \$100, such allowance shall be increased by 30 per centum.



"(3) If the maximum uniform allowance is \$50 or more but less than \$75, such allowance shall be increased by 35 per centum.

"(4) If the maximum uniform allowance is less than \$50, such allowance shall be increased by 40 per centum. Such maximum uniform allowances, as in effect on April 1, 1966, and as increased by this section, shall not be reduced."

#### Effective dates

SEC. 408. This title shall become effective as follows:

(1) This section and sections 401, 402, 406, and 407 shall become effective on the date of enactment of this Act.

(2) Sections 403, 404, and 405 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### TITLE V—CIVIL SERVICE RETIREMENT

##### Short title

SEC. 501. This title may be cited as the "Civil Service Retirement Act Amendments of 1966".

##### Definitions

SEC. 502. Section 1(j) of the Civil Service Retirement Act (5 U.S.C. 2251 (j)) is amended to read as follows:

"(j) The term 'child', for purposes of section 10(d), shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who lived with the employee or Member in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support, or such unmarried child between eighteen and twenty-two years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years, semesters, or terms if the interim, or other period of nonattendance, does not exceed four calendar months and if he shows to the satisfaction of the Commission that he has a bona fide intention of continuing to pursue such course during the school year, semester, or term immediately following the interim. The term 'child', for purposes of section 11, shall include an adopted child and a natural child, but shall not include a stepchild."

#### Retirement coverage for certain employees on leave without pay

SEC. 503. Section 3 of the Civil Service Retirement Act (5 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:

"(k) (1) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions which would be applicable if he were in pay status. An employee who is on approved leave without pay and serving as a full-time officer or employee of such an organization on the date of enactment of this subsection may similarly elect within sixty days after such date of enactment. If the election provided by this paragraph is not made, the employee shall receive credit for such periods of leave without pay as provided in the second sentence of section 3(c) of this Act.

"(2) An employee may deposit with interest an amount equal to retirement deductions representing periods of approved leave

without pay while serving, prior to the date of enactment of this subsection, as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, and may receive full retirement credit for such periods of leave without pay. In the event of his death, a survivor as defined in section 1(o) of this Act may make such deposit. If the deposit described in this paragraph is not made, retirement credit shall be allowed in accordance with the second sentence of section 3(c) of this Act."

#### Immediate retirement

SEC. 504. (a) Section 6(a) of the Civil Service Retirement Act (5 U.S.C. 2256(a)) is amended to read as follows:

"(a) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

(b) Section 6(b) of such Act (5 U.S.C. 2256(b)) is amended to read as follows:

"(b) Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

(c) Section 6(f) of such Act (5 U.S.C. 2256(f)) is amended—

(1) by inserting in the third sentence thereof immediately following the words "Any Member" the words "or former Member"; and

(2) by adding immediately following the third sentence thereof the following new sentence: "For the purposes of the immediately preceding sentence, service in an office or position in the executive branch of the Government of the United States, including each corporation owned or controlled by such Government, which terminates after March 31, 1966, shall be held and considered to be Member service."

#### Annuity computation

SEC. 505. (a) Section 9(c) of the Civil Service Retirement Act (5 U.S.C. 2259(c)) is amended by striking out in the second sentence thereof the words "from the service" and inserting in lieu thereof "or, if he elects to have his annuity computed or recomputed pursuant to section 13(c) of this Act following service in an appointive position which terminates after March 31, 1966, the basic salary he is receiving at the time of separation from such appointive position, whichever is the greater".

(b) Section 9(d) of such Act (5 U.S.C. 2259(d)) is amended to read as follows:

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such Member is under the age of sixty years at date of separation."

#### Survivor annuities

SEC. 506. (a) Section 10(a)(2) of the Civil Service Retirement Act (5 U.S.C. 2260(a)(2)) is amended to read as follows:

"(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor's remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor's death or remarriage."

(b) The last sentence of section 10(c) of such Act (5 U.S.C. 2260(c)) is amended to

read as follows: "The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower's becoming capable of self-support."

(c) Section 10(d) of such Act (5 U.S.C. 2260(d)) is amended to read as follows:

"(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of this Act, and is survived by a wife or by a husband, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children, subject to the provisions of section 18. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children, subject to the provisions of section 18. The child's annuity shall commence on the day after the employee or Member dies or the first day of the month in which the child later becomes or again becomes a student as described in section 1(j), provided the lump-sum credit, if paid, is returned to the fund. Such annuity granted under this Act or under the Act of May 29, 1930, as amended from and after February 28, 1948, or any right thereto shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs. Upon the death of the surviving wife or husband or termination of the child's annuity, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member."

(d) Section 10 of such Act (5 U.S.C. 2260) is amended by adding at the end thereof the following subsection:

"(f) In the case of a surviving spouse whose annuity under this section is hereafter terminated because of remarriage before attaining age sixty, annuity at the same rate shall be restored commencing on the day such remarriage is dissolved by death, annulment, or divorce: *Provided*, That (1) said surviving spouse elects to receive such annuity in lieu of any survivor benefit to which he or she may be entitled, under this or any other retirement system established for employees of the Government, by reason of the remarriage and (2) any lump sum paid upon termination of the annuity is returned to the fund."

#### Recomputation of certain annuities

SEC. 507. Effective July 1, 1966, the annuity of—

(1) each retired employee who retired under the Civil Service Retirement Act on or after April 1, 1948, and prior to October 11, 1962, and who elected a reduction in his or her annuity in order to provide a survivor annuity for his or her spouse,

(2) each survivor designated by an individual who retired under such Act as de-



scribed in subparagraph (1) of this section, and

(3) each surviving spouse whose entitlement to annuity under such Act resulted from the death of an employee on or after February 29, 1948, and prior to October 11, 1962.

shall be recomputed and paid as if the formula enacted by section 1103 of the Postal Service and Federal Employees Salary Act of 1962 (76 Stat. 870; Public Law 87-793) had been in effect on the date of such retirement or death. No decrease shall be made, by reason of the enactment of this section, in the annuity received by any person immediately prior to July 1, 1966, or the annuity which any person may be entitled to receive immediately prior to such date. The annuity of a child shall not be affected by reason of the enactment of this section. No annuity shall be paid, by reason of the enactment of this section, for any period prior to the date of such enactment.

#### Effective dates

SEC. 508. (a) Except as otherwise provided, this section, section 507, section 509, and subsection 1(j), 3(k), 6(a), 6(b), 6(f), 9(c), 9(d), 10(a) (2), 10(c), 10(d), and 10(f) of the Civil Service Retirement Act, as enacted or amended by this title, shall become effective on the date of enactment of this Act.

(b) The amendments made by this title, except the amendment to section 1(j) of the Civil Service Retirement Act, shall not apply in the cases of persons retired or otherwise separated prior to these respective effective dates, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted.

(c) The amendment made by this title to section 1(j) of the Civil Service Retirement Act shall become effective with respect to the children of persons retired or otherwise separated prior to, on, or after the date of enactment of this Act, except that no annuity shall be paid by reason of this amendment for any period prior to the date of its enactment.

#### Miscellaneous

SEC. 509. The provisions under the heading "CIVIL SERVICE RETIREMENT AND DISABILITY FUND" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

#### TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS

##### Government contributions

SEC. 601. Subsection (a) of section 7 of the Federal Employees Health Benefits Act of 1959, as amended (73 Stat. 713; 5 U.S.C. 3006(a)), is amended to read as follows:

"(a) (1) Except as provided in paragraph (2) of this subsection, the biweekly Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family, commencing with the first pay period beginning on or after July 1, 1966.

"(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge, commencing with the first pay period beginning on or after July 1, 1966."

The SPEAKER. Is a second demanded?

Mr. CORBETT. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

#### CALL OF THE HOUSE

Mr. BOW. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 55]

Adair	Foley	Multer
Andrews,	Ford, Gerald R.	Murphy, N.Y.
Glenn	Fraser	Murray
Arends	Frelinghuysen	Nix
Ashbrook	Fulton, Tenn.	O'Neal, Ga.
Barrett	Fuqua	Pepper
Bell	Gettys	Pool
Blatnik	Gialmo	Powell
Bolling	Gibbons	Randall
Bray	Gilbert	Reinecke
Brock	Gonzalez	Resnick
Burleson	Grider	Roberts
Cabell	Griffin	Ronan
Cahill	Hagan, Ga.	Rostenkowski
Callaway	Halpern	Roudebush
Cameron	Hardy	Scheuer
Carter	Harvey, Ind.	Scott
Celler	Hawkins	Senner
Chelf	Herlong	Sweeney
Clark	Holland	Teague, Tex.
Colmer	Jacobs	Tenzer
Conyers	Johnson, Okla.	Toll
Cramer	Jones, N.C.	Vivian
Daddario	Keogh	Walker, Miss.
Dent	King, N.Y.	Watkins
Derwinski	Kluczynski	Weltner
Devine	Kupferman	White, Tex.
Dowdy	Long, La.	Willis
Edwards, Calif.	McDowell	Wilson, Bob
Edwards, La.	MacGregor	Wolff
Farbstein	Mackay	Wydler
Feighan	Martin, Ala.	Yates
Flood	Matthews	
Flynt	Miller	

The SPEAKER. On this rollcall 331 Members answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The SPEAKER. The gentleman from Louisiana [Mr. MORRISON] is recognized for 20 minutes.

Mr. MORRISON. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, this bill, H.R. 14122, is the best bill our committee could develop and remain within the President's guideline for wages and fringe benefits for 1966.

The bill was reported by a joint meeting of our Subcommittee on Compensation and Subcommittee on Retirement, Insurance, and Health Benefits, by a unanimous vote. Also, the full committee reported the bill by a unanimous vote of 22 to 0.

This bill provides for a 2.85-percent increase across the board. The overtime and Sunday premium compensation provisions, and the option of retiring at age 55 with 30 years of service, as well as the other fringe benefits included in our bill will be of great importance and benefit to the Federal employees.

I personally want to commend the very fine diligence and spirit of cooperation in which all Members of the Post Office and Civil Service Committee worked together to bring out a bill that we believe stays within the President's guidelines of 3.2 percent.

I particularly want to commend my colleagues, the gentleman from Arizona, the Honorable MORRIS K. UDALL, and the gentleman from New Jersey, the Honorable DOMINICK V. DANIELS, chairmen of the two subcommittees which held extensive hearings and gave very thorough consideration to this proposal.

Mr. Speaker, this legislation is based on the recommendation of the President. It was stated in his message to the Congress, and I quote:

I propose increases in Federal compensation of \$485 million per year.

I am asking the Congress to enact legislation which will provide an average increase for Federal civilian employees amounting to 3.2 percent of total compensation.

On the average, direct salary increases will amount to 2.85 percent. The other increases are for fringe benefits to assist the Government employee in providing for his own economic security.

Mr. Speaker, this request has been the guiding light of our committee action from the first day the hearings started until last Thursday, when our committee took final action on the bill. We adopted this policy, and have tried to adhere to it to the fullest extent possible.

Our bill also includes several fringe benefits to assist the Government employee in providing for his own economic security. Even among the experts there are considerable areas for honest differences of opinion as to whether some of these items should be included in the evaluation of the wage guidelines. In other words they are debatable.

To cite an example, the provisions requiring the granting of the uniform allowance are estimated to cost \$6.6 million. However, we passed similar legislation last year which authorized the departments to grant this allowance, but they never as yet have gotten around to doing it. This year we are requiring that this additional allowance be paid to the employees.

Mr. Speaker, as I have tried to emphasize, our guiding principle has been, and will continue to be, that we are acting within the limits of the President's 3.2 wage guidelines. We have done our best to follow this principle.

I urge your favorable consideration of this bill.

Mr. CORBETT. Mr. Speaker, I rise in support of this bill, although I am not at all enthusiastic about it.

In 1962, this Congress adopted and wrote into law the principle of comparability, under which principle the Federal employees were to be compensated as nearly as possible to individuals in private industry who are working at similar tasks.

We have never quite achieved that comparability, and probably never will so long as we are utilizing BLS figures which are outdated before they are published. Now, in this time of rather severe inflation, which threatens to get worse, the gap between what the Federal employees are making and the compensation for those who are in private industry is getting wider. This bill will not do a great deal to reduce that gap. In fact, by the time it has gone to the Senate and to the President, the gap will probably have increased as much as



we are increasing compensation for Federal employees by this legislation.

However, this bill does contain something for the employees. It does contain good fringe benefits. I believe that in actual cost to the Treasury, the bill is well within the guidelines laid down by the administration.

As the gentleman from Louisiana stated, this is the administration's recommendation, with very little change. Furthermore, we recognize that last year, in the pay bill, it was cut back in the Senate quite sharply, and at that time we were assured that a new pay bill would be recommended and would come to the attention of this body.

It is here today. I might add at this point that under the existing law again the President is required each year on the basis of the findings of the Bureau of Labor Statistics to make a recommendation to the Congress for a change in the compensation of Federal employees. This he has done. We can assume, in view of what is happening in the private economy sector of this country, that a recommendation for a further pay increase will have to come next year. We can only hope that the situation will have been changed sufficiently regarding our budgetary and tax problems so that Federal employees can be given a substantial raise and the comparability gap will be substantially reduced.

Mr. Speaker, despite the shortcomings of this bill, I repeat it is of some value. It ought to be passed. The only conceivable objections I can find to it are voiced by those who think that the amount is woefully inadequate and would like to see it higher. Again we should recall that many of the fringe benefits, particularly those dealing with retired employees, will not come out of the Treasury but will come out of the retirement fund. Consequently, and since also there are a lot of estimated costs in the bill for so-called overtime work that cannot be properly estimated because given the right kind of administration, overtime can be greatly reduced from the amount that is now used and compensated for in time rather than in dollars. So we can expect that there will be a reduction in overtime and there will be increased efficiency. Therefore, the estimated cost for overtime work must necessarily be regarded as exaggerated.

So, Mr. Speaker, I close in the hope that this bill will be sent over to the Senate with the least possible opposition and that we can pass on this small pay increase and these fringe benefits to our Federal employees.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. CORBETT. I will be happy to yield to the gentleman.

Mr. LAIRD. The gentleman indicates that the administration supports this bill in the form that it is presently before the House?

Mr. CORBETT. I might say to the gentleman that this is not the identical administration request, but the changes are not great. We do not anticipate any objections from the administration.

Mr. LAIRD. I would like to ask the gentleman from Louisiana as acting

chairman of the Post Office and Civil Service Committee if he concurs with that viewpoint, that is, that this has the support of the executive branch of the Government?

Mr. MORRISON. If the gentleman will yield, yes, that is my understanding.

Mr. LAIRD. It seems to me the committee report indicates that the total cost of this bill is \$593 million. Is that correct?

Mr. MORRISON. The bill that the administration sent up was for \$485 million with additional fringe benefits. That is within the 3.2-percent guidelines, and that is what our committee kept it at—3.2 percent.

Mr. LAIRD. But the budget that was submitted by the President of the United States only contains a contingency in the amount of \$300 million to cover the cost of both civilian and military pay legislation for fiscal year 1967. The President sent a budget up here indicating a contingency of \$300 million to cover pay costs and then comes in the back door with a favorable report on this bill and on a military pay bill which will soon follow. The day the budget was delivered in January I pointed out how wrong the estimates on expenditures for fiscal year 1967 were as set forth by the President.

Mr. MORRISON. That is only for 6 months, or half a year. This bill was supposed to be and is within the 3.2-percent guidelines. It is 2.85 percent across the board plus fringe benefits.

Mr. LAIRD. I understand, if the gentleman will yield further, that it is within the guidelines, but I was trying to find out the total overall cost as compared with the budgeted estimate for fiscal year 1967. All I seek is information.

Mr. CORBETT. I may say to the gentleman there that the administration might conceivably object to the total cost of this bill, but I reiterate what I said earlier; namely, that an important part of the cost of this bill will come out of the retirement fund. These funds do not have to be budgeted. Another important part of the cost of the bill can be greatly reduced by proper administration which would reduce the amount of overtime that would have to be paid for. So that this is a matter for the administration. They have not said in so many words that they OK this bill. We do not know what might happen in the other body, but we operated closely and cut back in most every instance. And we are very hopeful that in view of the amount which the administration recommended, and in view of the slight increase above that figure that the committee saw fit to put in the bill, it will not be opposed by the administration.

Mr. GROSS. Mr. Speaker, will the gentleman yield to me?

Mr. CORBETT. Yes.

Mr. GROSS. Mr. Speaker, I regret that this bill is being brought up under suspension of the rules. I wonder if we could have a statement from the leadership of the House—at least one of the leaders of the House—to the effect that this is not to be considered a precedent with respect to the handling of a bill

entailing the expenditure of more than one-half billion dollars, without the opportunity of the House to fully work its will upon the legislation by way of amendment?

Mr. CORBETT. Mr. Speaker, I am not going to yield further because of the press for time, but I am wondering if the majority cannot give the majority leader time in which to answer this question?

Mr. MORRISON. Mr. Speaker, I yield 5 minutes to the gentleman from Arizona [Mr. UDALL].

(Mr. UDALL asked and was given permission to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I am delighted to yield to the gentleman from Oklahoma [Mr. ALBERT], in order to answer the inquiry raised by the gentleman from Iowa [Mr. GROSS].

Mr. ALBERT. Mr. Speaker, I am sure the gentleman is aware that when the motion to suspend the rules was made by the gentleman from Louisiana [Mr. MORRISON], the gentleman from Louisiana stated specifically that it was made with the clear understanding that it would establish no precedent for the similar consideration of major Federal salary and fringe benefit legislation in the future.

The Chair in recognizing the gentleman from Louisiana to make the motion, said, with that understanding the gentleman was recognized to suspend the rules and pass the bill. The gentleman from Iowa has complete assurance, therefore, that this action will not be a precedent for further bills of this kind.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I wonder if the distinguished gentleman from Arizona would clear up for us the matter of the cost of this bill, as compared with the \$300 million contingency in the budget, and also in view of the fact that Secretary of Defense McNamara has stated before the Committee on Armed Services that if this bill passes, he will then come in and ask for a similar increase for the military personnel. What is the total impact upon the budget?

Mr. UDALL. One has to distinguish between compliance with the guidelines and the effective date which the administration requested in its proposed pay bill. The administration requested a January 1, 1967, effective date but the percentage of increase allowed by the guidelines is the same regardless of effective date. The only difference is the amount of money to be expended in the next fiscal year, but this amount has no bearing on guidelines.

The committee did not accept the January 1, 1967 effective date in light of the very small pay adjustments that were provided in the bill. We have made the effective date July 1 of this year. The impact upon the budget for the next fiscal year will be exactly twice what it would have been under the administration request. But this has nothing to do with the guideline. One



point is the percentage amount of the raise, and the other point is when the raise will go into effect.

Mr. LAIRD. Mr. Speaker, if the gentleman will yield further, I did not want to get into a discussion of the guidelines because I believe the guidelines used in this bill are undoubtedly in keeping with the administration's recommendation. How does the administration support this bill, if it has twice the impact in expenditures upon the budget as estimated by the President in January?

The gentleman from Louisiana has stated that the administration is now supporting this bill. Yet it clearly exceeds the budget estimate.

Mr. UDALL. In all candor, let me say that we are dealing with a large number of provisions as contained in the bill. It is an omnibus bill. We are dealing with fringe benefits and pay. I do not believe it would be correct to say that the administration endorses this bill in every instance, and in every paragraph and in every line. They have not said they accept the July 1 effective date. I believe their position is that they do not want the effective date to be July 1, but rather January 1, 1967.

Mr. Speaker, there are some items contained in the bill upon which there has been controversy about whether these are or are not guideline items. But, Mr. Speaker, I am sure I can say, with considerable safety, that this is a bill which if it is passed with such modification as I have discussed will be signed by the President.

Mr. Speaker, I would distinguish between enthusiastic approbation of this bill on the one hand, and strong and bitter opposition to it on the other. This is not a bill enthusiastically endorsed by the administration in every particular, but it is a bill the administration can, and I believe will, accept. We have discussed this bill, since it was reported, and in our opinion it may be necessary to make some adjustments with respect to specific items in dispute, as to whether they are guideline items or not. But, Mr. Speaker, I feel sure—and I pledge myself to work for a final enactment which is clearly within the guidelines.

Mr. Speaker, as the distinguished vice chairman of our committee, the gentlemen, from Louisiana Mr. [MORRISON], has so ably explained, it certainly was the intention of the Committee on Post Office and Civil Service to bring out a pay and fringe benefit bill that did no violence to the wage guidepost of 3.2 percent fixed by the President. As he further indicated, however, there has never been a clear meeting of the minds between representatives of the administration and the members of our committee as to exactly what costs are and what costs are not properly to be measured against this guidepost.

The Post Office and Civil Service Committee, acting in complete good faith, made its calculations of guidepost costs as shown on page 4 of the committee report, House Report No. 1410, accompanying H.R. 14122. The costs as there computed total \$471.8 million. Other costs of the bill totaling \$101.2 were felt to cover items none of which were to be measured

against the 3.2 percent guidepost. Since the administration representatives had put a \$485 million price tag as the maximum permissible under the guidepost, our committee felt that it had more than conformed with the guidepost limitation.

In all fairness, it should be pointed out that the calculations used in our committee deliberations should probably be revised in the light of information developed, after our committee voted to report the bill, in an informal conference with representatives of the White House, the Bureau of the Budget, and the U.S. Civil Service Commission. In summary, the changes in our committee calculations which now appear to be appropriate are set forth at page 5 of House Report No. 1410, which shows a difference of \$33.6 million in costs which probably should have been included among our guidepost costs but were not.

Mr. Speaker, as chairman of the Subcommittee on Compensation I agreed, during the conference mentioned above, to state in this debate my position with respect to this difference of \$33.6 million. Seventeen million of the amount represents an underestimate, on the part of our committee, as to the first year cost of the increased Government health benefits contributions provided by section 601 of the bill. It is my expectation and hope and my recommendation that this difference of \$17 million, as well as such additional amount as may be necessary to bring the bill's guidepost costs within the 3.2-percent limitation, will be the subject of appropriate adjustments when the bill is taken up in the other body.

While the difference of \$33.6 million is not substantial, in relation to the total amount involved in this bill and the very desirable spread of benefits provided, since it is and always has been our committee's intention not to violate the President's wage guideposts. I am confident that our committee would be receptive to such adjustments if made in the other body. If I am a member of a conference committee I would hope to work to produce a final bill which is clearly in accordance with the views I have just expressed and in accordance with the statements made on pages 1 to 5 of the report—No. 1410—on this bill.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Ohio.

Mr. HAYS. I would just like to say this. If the gentleman from Wisconsin is so worried about the impact of this bill on the budget that he vote against it and lead his forces in opposing it.

Mr. UDALL. Mr. Speaker, this is not a very happy day for those of us who want to see adequate Federal salaries. We faced considerable difficulty and we made, after consultation with the major employee organizations, some very tough and difficult decisions. I want to say to the credit of these major employee organizations that they have done the patriotic thing and they have done the very difficult thing in saying that they will abide by the provisions of the bill this year. They do not like it but they accept it as being better than nothing.

The bill makes a number of improvements, not just in pay, but to take care of a number of fringe and collateral benefit areas including retirement and including the Government contributions toward health insurance plans for Federal employees, and for uniform allowances, and so forth.

Some very important adjustments are made as to overtime compensation for classified employees in the bill and a number of other adjustments are made.

Mr. Speaker, I support the bill and I hope it will have widespread support among the Members of the House.

Mr. POAGE. Mr. Speaker, as I understand it, no record vote is contemplated on this measure—indeed, I suppose that is the purpose of calling it up under suspension—so that everyone will be able to go home and say that he did not oppose a pay raise for Government workers. All of us would like to be able to tell our friends that we had given them a pay increase.

A pay increase is always welcomed by the recipients but nothing is so certain to set off the evils of inflation. The gentleman from Pennsylvania has just admitted that it is inflationary. The President has time and again pointed to the immediate danger of inflation. He has put tremendous pressure on industry to hold prices down in spite of increasing costs. He has called on consumers to forgo the purchase of long-hoped-for consumer goods. I think that all of us know that we face a real and present danger of inflation.

This bill involves an immediate increase in our Government expenditures by more than half a billion dollars per year. It is certain to be followed by an increase of at least equal magnitude for a military pay raise, and then we all know that private wages must go in the same manner. Before this round of increases has spent itself it will have increased our new spending by several billion.

I look upon this as an unwise expenditure—one which we would like to grant but cannot afford. I think inflation is dangerous. I think it can very easily take far more away from the living standards of the very recipients of the increase than it gives them, and I know that it will hurt millions of people with small fixed incomes. I shall vote against the proposal and I shall not hide behind any agreement that there will be no roll-call. I hope that the sponsors of this bill will agree to call the roll. They have challenged some of those who question the bill to vote against it. I think that is fair and I hope that we all have an opportunity to vote but whether we do or not, my people are entitled to know where I stand. I stand against inflation. I shall, therefore, vote against this inflationary bill.

Mr. CORBETT. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Nebraska [Mr. CUNNINGHAM].

(Mr. CUNNINGHAM asked and was given permission to revise and extend his remarks.)

Mr. CUNNINGHAM. Mr. Speaker, I introduced a 7-percent salary bill, but pressure was exerted on that figure by



the administration and it went by the wayside. So we have a watered-down version which amounts to 2.89 percent in salary increase.

I think this is a stinking bill if we are ever to reach comparability and give Federal workers what they desire.

But the pressure was put on by Federal agencies so there was not much we could do.

I introduced the bill after the hearings on an identical bill to the one before us today, and I will vote for it.

Mr. Speaker, I think it is time the Congress wrote all pay legislation and not be strong-armed by the Federal agencies. We must assert our rights—and we did not do so in this case.

If we wrote a good bill we could take our chances on a veto, because a principle is involved here.

If the present bill, for some reason, were vetoed the Federal workers would not lose much in money but would win on principle and reestablish the Congress' right to write its own legislation and give just due to our dedicated Federal and classified workers.

When General Eisenhower—a member of my party—vetoed a pay bill, we voted to override his veto—which we did—and I voted to override it because I thought the increase was long overdue. We should do so in this case.

Mr. Speaker, I say again this is a measly raise—nevertheless I will vote for it.

Mr. MORRISON. Mr. Speaker, I yield 5 minutes to the gentleman from Montana [Mr. OLSEN].

(Mr. OLSEN of Montana asked and was given permission to revise and extend his remarks.)

Mr. OLSEN of Montana. Mr. Speaker, there is a kind of schizophrenia pervading some of the groups on each side of the aisle. One would say that they are in favor of savings and worried about the budget. Another would say this is a stinking bill because it does not spend enough and that this is not a big enough increase. Of course, that is the kind of point of view we might find on almost any pay bill.

This is a compromise bill. It is a compromise because of all the factors that everyone has spoken about on this floor. We are doing the very best we can to get a bill that is within the guidelines that we are asking all private industry to live by, and it is a pay bill that the Federal employees are more than deserving of. I say more than deserving of because this will barely keep them in their present position with respect to the increases that are going on in the private economy. This does not begin to catch them up.

Mr. Speaker, our Committee on Post Office and Civil Service has brought to the floor of the House today a Federal pay bill which provides increases in salary and fringe benefits averaging 3.2 percent. This increase is designed to be both fair to the Federal employees, that is, keep them in their present position with respect to the private economy, and it is also designed to stay within the wage and price guidelines recommended by the President's Council of Economic Advisers.

The proposed pay raise is an across-the-board one of about 2.85 percent, effective this July, although the top three grades in the Federal service will receive a slightly smaller boost of 2 percent.

The liberalized fringe benefits we propose include optional retirement at age 55 with 30 years' service, or at age 60 with 20 years' service; a moderate increase in already authorized uniform allowances for those employees who are required by the Government to wear uniforms; a reasonable increase in the Government contribution to health insurance programs; time-and-a-half overtime pay for classified employees who work in excess of 8 hours a day; 25 percent premium pay for classified and wage board employees who must work on Sundays; permission for widows who remarry after age 60 to continue to receive their survivor annuities; mandatory overtime for postal workers up through level 10; protection against salary loss for employees transferred from other agencies to postal jobs; and extension of survivor benefits to children in school up to 22 years of age. All of these fringes are just barely an attempt to catch up with the private economy.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. OLSEN of Montana. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I thank my friend for yielding. The gentleman makes the point that this bill will not even keep the employees up with the cost-of-living increases anticipated during the next fiscal year.

Mr. OLSEN of Montana. We do not use the word "cost-of-living increases." We are talking about comparability with the advances that are going on in the private sector in comparable jobs, which is something I think more than just cost of living.

Mr. LAIRD. But the cost-of-living estimated increase in this budget, based on the revenues in the 1967 budget, anticipates a cost-of-living increase of 3 percent. Many economists think it will be a much higher increase during the fiscal year 1967.

In the colloquy which I had earlier, however, I was referring to the fact that in the 1967 budget, which I think is a very unrealistic budget, the estimates made by the President for military and civilian pay increases, the contingency allowed was only \$300 million. At the time the budget message was sent up here some of us pointed out that this was not a realistic estimate on the part of the President of the United States. I believe that forecast is being borne out here today.

The proposals are certainly modest ones, and the bill has been carefully worked out. It is a good bill. We are offering a reasonably decent pay raise for Federal employees and some fringe benefits that will bring them a little closer to the state of true equality for Government workers that we seek. The intent of the bill is to carry out the Congress' commitment to our Federal employees, embodied in the Federal Pay Act of 1962, that their salaries and other benefits should be comparable to those salaries and benefits earned by employees

in private industry for similar types and levels of work.

I want to emphasize that throughout our hearings on the pay and fringe benefits package, our committee worked with the understanding that we would propose no benefits in excess of the Council of Economic Advisers' 3.2-percent wage-price guidelines. We have stayed within those guidelines and have met the test of a sound and responsible Federal fiscal policy.

As pointed out in our committee report, however, there have been some honest differences of opinion as to exactly what costs should be properly included within those wage guidelines.

I do not, for instance, believe the costs of the equalizing provisions for overtime and other premium pay should be included within the wage guideposts set by the President. I do not think adjustments in retirement benefits, especially with respect to adjustments in benefits of long-retired Federal employees or their survivors, belong within the wage guideposts. The special delivery mileage allowance, the costs of broadening the term "child" to extend survivor benefits, the widows' "remarriage" provision—these are not guidepost costs.

In this regard I want to emphasize that the committee's conclusions on the pay package and the costs involved were reached after giving very special attention to the guidelines as it interprets them and in all good conscience.

Our objective, of course, is a fair pay bill—one that is fair to the employees and the Government, and one which the President will approve. We want to honor our pledge to Federal employees that their salaries and benefits will be comparable to those in private industry.

We want to increase efficiency—and morale—throughout the Federal establishment. We want to encourage recruitment of more talented people of the level and competence and career potential that we need. We want to hold on to our best employees, instead of losing them to private industry. And we cannot deny Federal employees a just and needed pay raise while other groups in our society are not so restricted.

Our country is wealthy and strong and it is growing. I agree with our President that the country's continued economic expansion must be orderly. But the bill before us is not going to overheat the economy or push prices into outer space. The proposals are extremely modest ones. They are fair—and they are necessary.

The bill is an act of plain justice. I sincerely believe it deserves the support of every Member of the House.

Mr. DANIELS. Mr. Speaker, I rise in support of H.R. 14122, the ingredients of which I earnestly believe are confined to the guidelines advocated by the President of the United States.

At the outset, as chairman of the Subcommittee on Retirement, Insurance, and Health Benefits, which participated fully and faithfully in the extensive considerations of the broad area of the subjects under deliberation, it is my desire to have the record clearly show that the efforts of the individual members of the committee were intended to comply with the



President's guideline requests. I believe that the members of the committee should be highly commended for their diligence in keeping the elements of this legislation within the realm of the suggested limits. I am convinced that the coat has been cut to fit the cloth provided us, and that the committee has acted responsibly in the national interest in reporting the bill before us.

Regretfully, the international situation leaves the President and the Congress with not quite enough cloth to cloak the very substantial costs of providing all that may be desirable in this measure. To the committee fell the burden of the selection in and the selection out of those worthy plans that need funds and are in the public's and employees' interest—a burden that was well shouldered by each and every member.

There were, and still are, and always will be honest and reasonable differences of opinion as to what elements rightfully lie within the framework of prescribed guideposts, as well as sincere differences in opinion as to any that are deemed to exceed them.

The across-the-board salary adjustments averaging 2.85 percent, I am sure, cannot be construed as exceeding economic guidelines. In fact, they are obviously well under such limitations.

I respectfully question, Mr. Speaker, what items in H.R. 14122 do, indeed, exceed the recommended guideposts? What items in this bill truthfully contribute to any inflationary spiral? Is it the payment of true overtime to some employees? Is it the payment of partial overtime only to other employees? I think not.

I ask, respectfully, does partial premium pay for certain Sunday work inflate the economy? Do minimal increases in uniform allowances? I think not.

Are justifiable Government increases toward the costs of health benefits in violation of the guidelines? Is the subject of recomputation of annuities to past retirees and surviving widows properly for inclusion within such guidelines? I think not, particularly when this proposed adjustment is not a budgetary item.

Mr. Speaker, should any sound arguments be presented to this Member that convince him that any provision of H.R. 14122 is inflationary, and that transcends reasonable guidelines, he will be the first to take the initiative to accept any amendments necessary to bring this legislation within justifiable limits.

As we are all well aware, the major costs and provisions of H.R. 14122 involve salary adjustments—adjustments that are quite moderate in most cases, and entirely inadequate in others. Those provisions that pertain to improved employee fringe benefits constitute but a small portion of the total costs of this package, but which are highly desirable and long overdue. Increased Government contributions provided herein to the Federal employees' health benefits program are minimal in relation to the costs borne by each employee.

Extending the coverage of student-children under the Civil Service Retirement Act, to age 22, although desirable,

is a relatively minor improvement in benefits. Permitting employees to retire on full annuities at age 55 with 30 years of service, and at age 60 with 20 years of service, are long-sought improvements that are meaningful to employees while serving the interests of Government. Another relatively minor amendment to the Retirement Act will permit survivor annuitants to retain their benefits upon remarriage after reaching age 60, while another provision will permit those survivors whose annuities are terminated by remarriage prior to attaining age 60 to be restored in the event of the termination of such remarriage.

In the judgment of the committee, it is simple justice to a certain segment of retirees and surviving widows, whose rights were based upon the laws in effect from 1948 to 1962, to provide for the recomputation of their annuities so as to grant them parity with persons who have retired or died since the liberalizing amendments of October 11, 1962.

In summary, the fringe benefits provided in the bill, while desirable, are reasonably modest in scope. The Subcommittee on Retirement, Insurance, and Health Benefits will schedule the consideration of additional proposals in the near future. Its paramount objective, however, will be the exploration of a means whereby the financial condition of the civil service retirement fund may be strengthened—a problem of serious concern, and a question of finance that cannot be avoided, especially where the rights and welfare of so many people are concerned.

Mr. Speaker, I urge the adoption of H.R. 14122.

Mr. DULSKI. Mr. Speaker, I rise in support of H.R. 14122. I have always been in favor of legislation providing adequate rates of compensation for Federal employees, particularly for the low-paid employees of the Postal Field Service. I am firmly convinced that an increase of at least 7 percent is justified in order for our Federal employees to receive rates of compensation anywhere near current comparability with rates paid in private industry.

We all realize, however, that the Vietnam conflict raises problems of much greater significance than any problem of pay comparability.

There also is a further problem of major significance which demands that we stay within the President's wage price guidelines in order not to give any unnecessary impetus to inflationary trends.

The employee organizations are to be congratulated for their display of patriotism and civic responsibility in agreeing with the President's request for us to hold the line on this pay-fringe benefit proposal, and to keep it within the wage price guidelines of 3.2 percent.

It becomes abundantly clear to me that there is absolutely no justification for holding our Government employees to the 3.2 percent when wage increases in private industry already are more than 7 percent ahead of Federal rates of compensation and are continually increasing at even a greater rate. We certainly will want to make adjustments in the very near future to compensate for any such increases.

Mr. Speaker, I want to call particular attention to one provision of this bill, section 402, relating to postal seniority adjustments. The 1962 Pay Act had the effect of destroying the seniority of many postal service employees. I sponsored legislation in 1963 and have been attempting ever since to correct this problem. A partial correction was accomplished in the 1964 Pay Act, Public Law 88-426, and attempts were made last year to correct additional inequities in seniority adjustments. However, the provisions we included in the House-passed bill last year were eliminated by the Senate. I am pleased to see that these same provisions are included once again in H.R. 14122. Even though these provisions will not correct all of the inequities, I hope that the House conferees this year will insist on these provisions remaining in any bill finally enacted by the Congress.

Mr. Speaker, I urge favorable consideration of this legislation here today.

Mr. CORBETT. Mr. Speaker, I recognize the gentleman from Pennsylvania [Mr. KUNKEL], for such time as he may desire.

(Mr. KUNKEL asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. KUNKEL. Mr. Speaker, I rise in support of this salary legislation. It is not all that many of us would like it to be, but it is apparent that under the circumstances it is all there is going to be.

The reason it is not all we would like it to be is that a theoretical national guidepost has been applied to this bill. It ignores many factors.

While such a guidepost might be an important tool in this time of inflation, in this case it certainly has not permitted just treatment of the question of wage comparability. It is not being applied with the same rigor in other segments of our economy. Over the long run the result can only be that there will be some extra catching up to do. The concept of wage comparability for Government employees with those in private industry has been part of the law of the land for some years. Justice requires that comparability be observed.

Nevertheless, I urge passage of this bill. It provides raises. It makes some corrections in the retirement system that are long overdue. For example, widows of employees or retired employees who remarry after age 60 are allowed to continue to receive their survivor annuities, which under present law are terminated by any remarriage.

A number of other improvements are contained in the bill. I am delighted to see that, where they are authorized, uniform allowances now are to be made mandatory, and the administrative allowances are increased. Classified employees are granted time and a half overtime pay for work in excess of 8 hours in a day. These and other features help to make this legislation worthwhile.

Mr. CORBETT. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. BUCHANAN] who is a member of the committee.

Mr. BUCHANAN. Mr. Speaker, I rise in support of H.R. 14122. In 1962 the



Congress did adopt a policy of comparability in Federal pay legislation. We have not yet arrived at such comparability.

I wish to express appreciation to those major employee organizations who in this time of inflation and of military action in Vietnam, were willing to accept these guidelines, even though we have not yet reached comparability. I appreciate their great patriotism and hope that their leadership will be followed by others.

Also I am glad that this bill contains provisions to eliminate certain inequities in Federal retiree annuities that have long existed and which needed to be corrected. However, inadequate, H.R. 14122 is a step in the right direction. I, therefore, urge its passage.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman.

Mr. CUNNINGHAM. Mr. Speaker, I did not have a chance to finish my statement earlier. But I repeat this is an inadequate bill.

Under President Eisenhower, who vetoed a bill that we had up here, that I thought was a good bill, I happened to be one who voted to override the veto. It took only a matter of moments for the majority party to bring up the question of overriding the veto. I simply say that this is an inadequate bill and any veto could be overridden.

A few pennies in the pocket under this bill amounts to hardly anything. It is a matter of principle involved here. I think we should have a bill today which we think is right and just. Then if it is vetoed, bring it back and let us have a chance to override the veto.

In this way we will know who gives lip service to the employee organizations and who does not.

Mr. EDWARDS of Alabama. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Speaker, if I may have the attention of the gentleman from Arizona, I would like to pose a question or two concerning benefits to children in school. Let me give you an example: I have a young constituent who was receiving benefits under the Civil Service Retirement Act while in high school. He graduated from high school on May 21, 1965. He commenced college on September 27, 1965, the first day the college opened its fall session. This lapse of 4 months and 6 days caused this young man to lose his benefits and in fact he is now having to repay to the Federal Government the money he received from May through September. I know that this was not the intention of Congress. It would appear that this problem is cured by section 502 of H.R. 14122 in that it refers to "4 calendar months" rather than "4 months" as in the existing law. Is this correct?

Mr. UDALL. Yes, this problem would be cured in the future with respect to the specific dates you cite. However, the bill does not contemplate retroactive payment of benefits to students whose annuities have already been terminated under the terms of existing law.

Mr. EDWARDS of Alabama. Under the terms of H.R. 14122, may my constituent commence receiving benefits again, assuming he is still in college and not over 22 years of age, once the bill is signed into law?

Mr. UDALL. Yes; section 508(c) provides for the restoration of entitlement from the date of enactment if he then meets the description of a student-child as amended in section 502 of this bill.

(Mr. EDWARDS of Alabama asked and was given permission to revise and extend his remarks.)

Mr. MORRISON. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. UDALL].

Mr. UDALL. Mr. Speaker, I yield to the gentleman from Hawaii.

(Mr. MATSUNAGA asked and was given permission to revise and extend his remarks.)

Mr. MATSUNAGA. Mr. Speaker, I rise in support of H.R. 14122, the Federal Salary and Fringe Benefits Act of 1966.

This bill, of course, falls far short of what we should be providing our Federal employees this year in the way of salary and fringe benefits. But, recognizing the need for keeping within the 3.2-percent guideline recommended by the President and facing the realities of our firm commitments in Vietnam, I strongly support the bill and urge its prompt passage.

The modest salary adjustments will, at least for the present, prevent the comparability gap from growing wider. The optional retirement provision at age 55 with 30 years of service and the liberalizations in other retirement features and in overtime pay are all long overdue.

Yet I must say that no one who is committed, as I am, to the principal of full pay comparability for Federal employees can really be satisfied until that cherished promise is actually and entirely achieved.

In 1962, Congress promised Federal employees that they would not have to suffer economically simply because they chose a career in Government service. We promised Federal employees full pay comparability and we set up the machinery to achieve it. We have made significant strides during the last 4 years toward achieving that goal. However, we have not yet attained full comparability, and the bill under consideration is not intended as a substitute for the goal we set before us in 1962. Rather, this bill ought to be looked upon as another milestone in the continuing effort by the Congress to achieve full pay comparability for Federal employees.

I would like to make it abundantly clear that I, for one, am not fully satisfied with the application of comparability at the low income levels, but I intend to give continuing support to the principle of comparability so long as it will serve as a means of raising the standard of living of our people. While passing this bill today, we must keep in mind that our real goal is to make comparability work and to give real meaning to the promise we made to our Federal employees in 1962.

Mr. Speaker, I urge unanimous support for H.R. 14122.

Mr. UDALL. Mr. Speaker, before we leave this discussion, let me comment on the remarks of my friend from Wisconsin who is concerned about expenditures over and above the President's budget for this year. I have heard noises around this Chamber and around the country about cutting \$5 billion, or some similar amount, off the administration's budget for this year.

We in Congress play a role too. We have increased in this bill the budgeted amounts, especially by reason of the July effective date. I take my share of the responsibility for going this far over the President's budget.

I have been waiting patiently for many days now to have a list of specifics about where we are going to cut the Federal budget by \$5 billion or any other large amount. I would suggest to my friend from Wisconsin, if he is concerned about it, that he vote against this bill and against the military pay raise which apparently is coming before us shortly. He can save nearly \$1 billion on these two bills. Or, if he is not going to do this, I suggest that he and his colleagues come forward and tell us where they plan to make these large cuts in the Federal budget.

I have been waiting for days to have specifics, and I have not seen any yet.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman.

Mr. LAIRD. Mr. Speaker, we have had a very good example in the new programs approved last week—in the rent supplement program and the Teachers Corps program—and we will have many opportunities on amendments to other appropriation and authorization bills during this session as we did in the last session.

Mr. UDALL. Mr. Speaker, I decline to yield further until I make a comment.

Mr. LAIRD. Mr. Speaker, if the gentleman would like to have a list, if he will yield to me I will give it to the gentleman.

Mr. UDALL. Mr. Speaker, the programs last week would have saved a grand total of about \$20 million. I would like to have an idea as to where the other \$4.80 billion will come from.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield.

Mr. LAIRD. Mr. Speaker, we started the program last week. We have to take one item at a time. The program last week started at least a \$6 billion program over a 20-year period for rent supplements.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. CORBETT. Mr. Speaker, I might suggest that the gentleman get some special orders. We are on some rather special business now. I do not think we can interrupt.

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. CORBETT. I yield briefly to the gentleman.

Mr. UDALL. Mr. Speaker, I would be glad to participate in a special order, at which time I could see a list of these budget cuts which are going to be made.



Mr. CORBETT. Mr. Speaker, at the proper time I will ask that the gentleman be given an hour, at which time the gentleman from Wisconsin can outline a list.

Mr. Speaker, I yield to the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL of Virginia. Mr. Speaker, today we are asked to support a bill to increase compensation for Federal employees. The actual salary increase provided in this measure is an across-the-board 2.85 percent, except in the uppermost brackets where it is smaller. We are told the President will veto a measure outside the so-called guidelines of 3.2 percent, including fringe benefits. So this is, in effect, a take-it-or-leave-it measure.

I sponsored a measure, Mr. Speaker, which would have provided an average of 7 percent increase in compensation, and which would have recognized the facts of life we are asked to overlook today—that Federal employee salaries have once again lagged behind in the comparability those of us sorely concerned with this problem have long sought. We are asked today to allow Federal salaries to drop further behind those for comparable jobs in private industry, and to risk again the loss of skilled Federal employees because we cannot compete with industry.

Where, Mr. Speaker, were these so-called guidelines when the steelworkers demanded, and received, their latest increases? Where were they when the New York transit workers defied Federal court orders, and won enormous concessions?

One after another of our major industries bows to labor's demand far in excess of the recommendations sent from the White House. But we are asked here today to penalize loyal Federal employees just to set an example for others to follow. But who will follow?

Five weeks ago we voted a tax increase here. We restored the excise tax on telephone service and automobiles, increased the withholding rate on income tax for millions, and advanced payment of taxes by corporations. Almost all Federal employees were affected by these increases in the same way as workers in private industry.

While the tax increase was done in the name of need for increased expenses of the war in Vietnam, our real reason, as we all know, was the undeniable fact that the Great Society programs are extremely costly. And our Government must tax to spend, and we were spending at a much greater rate than we were taxing.

Those of us who advocated tightening our belts to avoid increased deficit certainly did not intend that career Federal employees should be denied basic necessities in the interest of economy, while so-called "consultants" in the war on poverty drain millions from the Federal Treasury daily for programs from which nothing but a chaotic wasteland has resulted.

The enormous cost of the Great Society is clear to all. Yet, we hear constant

denials that this is the reason for the rising cost of living—escalating at approximately twice the rate we are acknowledging today if this is to be described as a cost-of-living increase.

Mr. Speaker, with great reluctance I support this paltry increase. It should be much larger. It should have included emergency relief for 677,000 retired Federal employees who are being seriously injured by the inflation the Great Society has wrought. It should have provided a guarantee that every postal supervisor and postmaster would receive a salary at least one step higher than that paid the highest salaried employee under his jurisdiction. And it should have reflected concern on the part of the Congress for the millions of Federal employees who await our pleasure for the means with which to meet the expenses we have imposed upon them.

Mr. Speaker, I shall vote for this legislation, and then immediately begin working for a truly equitable Federal salary increase in January. I urge my colleagues to join me in this effort.

Mr. Speaker, the Committee on Post Office and Civil Service has again performed in a magnificent manner in handling a most confusing, complicated, and technical problem. It took hard work and cooperation of many people, including the leaders of the Federal employee organizations to accomplish this.

There is never a quick solution to the problems of seeking good personnel administration. In fact, it has taken us 10 to 15 years to obtain many of the obvious improvements we now take for granted. Yet a few years ago these improvements would have been considered revolutionary. I am referring to such so-called fringe benefits as life and health insurance, uniform allowances, more liberal retirement provisions, comparability with salaries in private industry, and many others.

Mr. Speaker, we must continue to seek additional ways of improving Federal service. There are many ways we can do this—many proposals which may not appear necessary at this time or may even be considered revolutionary at this time. But as I said before, we must continue to keep pace with private industry and work for ways in which we can make work in the Federal Government more attractive.

There are three proposals I should like to suggest at this time for consideration in the near future. These may not necessarily be the most important items to be considered, but I feel that sooner or later we will have to face up to these particular matters and I believe that the sooner we do so the better off the Federal employees will be.

The first proposal is the provision for parking allowances for Federal employees. This is becoming an increasingly acute problem in all of our metropolitan areas. There is no easy solution and every metropolitan area is considering expensive mass transit programs, highway programs, parking lots, and so forth. But unfortunately it seems that improvements are not being made rapidly

enough, therefore, the problem becomes more acute.

In any event, the expense of parking is becoming almost prohibitive, and I fear it will become more of a problem and responsibility of management throughout the country in the near future.

I have already introduced a bill directing the General Services Administration to provide additional parking facilities for Federal employees either by construction or leasing of the facilities. My proposal, however, provides for the facilities to be self-sustaining, which means that there will be a cost to the Federal employees. I feel, therefore, that a fringe benefit needs to be considered wherein an allowance is provided by the Federal Government to the Federal employee for the expense of parking. Providing such an allowance will, in my opinion, be a real step forward in improvement of employee relationship.

The second proposal is that of summertime employment for young people attending school. We have already done something about recognizing this being a problem, but the only thing we have actually done is to consider ways of dividing up what jobs were already available, and this has proven quite controversial and I personally do not believe it has been on the fairest and most equitable basis. And, secondly, we have provided for reduced salaries in the Post Office Department for temporary summertime employees. However, Mr. Speaker, the number of young people seeking summertime employment is increasing to major proportions, not only in the number of young people of college age but the higher percentage of these young people who are seeking a college education. Therefore, many more young people each year need summer employment to further their education than there are jobs available for them. It seems to me, Mr. Speaker, that we could be a great deal more effective in directing our attention to how more summertime jobs can be made available for these young people than to spend the many billions of dollars for those who lack the drive and ambition, as well as the ability to seek higher education.

The third proposal is one we have already met halfway, and that is to provide that no supervisor would be paid less than those he is called upon to supervise. We worked this out insofar as the blue-collar workers are concerned in the Pay Act of 1962, but there are many situations in the postal field service and classified service where supervisors are not receiving a sufficient additional amount over that which those they supervise receive.

I repeat, Mr. Speaker, there are many other ways in which we can improve the Federal personnel situation. I do not expect these proposals I have made to be enacted overnight, but I do think we should give serious consideration in these areas in the very near future.

GENERAL LEAVE TO EXTEND

Mr. MORRISON. Mr. Speaker, I ask unanimous consent that all Members



may have the balance of the legislative week to extend their remarks on this bill.

Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. CORBETT. Mr. Speaker, I now yield such time as he may desire to the gentleman from North Carolina [Mr. BROYHILL].

(Mr. BROYHILL of North Carolina asked and was given permission to revise and extend his remarks.)

Mr. BROYHILL of North Carolina. Mr. Speaker, I shall take the time to comment only briefly on the Federal employees compensation bill under consideration and to direct my remarks to one feature which was wisely incorporated in the bill.

Perhaps it would be more accurate to commend the committee for its judgment in omitting certain language. I refer to the sections of the bill which permit the voluntary retirement, with full annuities, of Federal employees who have reached age 55 with 30 years of service, and those who have reached age 60 with 20 years of service to the Government. The omitted language, which was recommended by the administration, would have permitted the Government, or more specifically, agency heads, to mandatorily retire such employees in grades GS-13 and up, if the agency head so desired.

Mr. Speaker, I can think of nothing more disastrous to the morale of our civil service system than to have handed agency heads this discretionary authority. It requires little imagination to picture the results of such arbitrary power in the hands of Government officials. It is no secret that the bill, as it comes before the House, hews the administration line, but fortunately the members of the committee imposed their own good judgment in this one area and rejected the idea of mandatory retirement.

The voluntary retirement features of the bill, as now written, will give Federal employees who have faithfully served the Government, the opportunity to retire from service with grace and dignity.

Mr. KASTENMEIER. Mr. Speaker, I want to take this opportunity to point out one of the additional effects of the Federal pay bill we are considering today—its liberalization of voluntary retirement rules. As you know, it will allow for the immediate voluntary retirement of the employees who have attained the age of 55 and who have completed 30 years of service and those who have attained the age of 60 and who have completed 20 years of service. Earlier in this Congress, I sponsored a bill to enable any employee to qualify for full retirement regardless of age who has completed 20 years of service and who was involuntarily separated from service because of a base closing.

Today's bill, therefore, will benefit many Federal employees who are presently employed at military bases scheduled to be phased out over the next few

years. An employee who faces the choice of uprooting his family and moving to a new location or seeking a new job will now be able to stay in the area and retire at full retirement if he is 55 years of age with the requisite number of years service. Employees in this age group are the ones who are most critically affected by the base closings. It is extremely difficult for them to find good employment at their age in their home community following the base closing. It is difficult to move their families at that age as well. The provision of this bill, therefore, will permit them to retire from the Federal service, continue their residence in their home community and to continue to participate in the life of that community.

I commend the committee for including these provisions in this bill today.

Mr. FINO. Mr. Speaker, when Congress passed the Federal Pay Reform Act of 1962, the Federal Government—Congress and the President—undertook a solemn obligation of justice to postal and other Federal employees. Under this act, Congress and the President established by law the principle of comparability, whereby we are bound by good faith to make annual adjustments of pay rates so that postal and other Federal pay at all grades shall be comparable to salaries and wages paid for similar work in private industry.

Equal pay for equal work—this is the standard of fairness made operative by the Civil Service Commission within the Federal service. The principle of comparability should extend this standard of fairness so that postal and classified employees get pay equal to the salaries or wages paid for the same kind of work in private enterprise.

Last year Congress and the President made a salary adjustment which fell far short of achieving comparability.

The subcommittee of the Post Office and Civil Service Committee headed by the gentleman from Arizona, Representative MORRIS K. UDALL, reported a bill to the full committee providing for a 4.5-percent pay raise. If the bill as it came out of the subcommittee had become law, we would today be considerably closer to our goal of pay comparability.

The House then reduced the pay raise to 4 percent.

The Senate passed a bill providing for no more than a 3.6-percent raise. It reportedly did so under pressure from the Bureau of the Budget and the Civil Service Commission—these agencies advised that the President would accept no greater pay raise. The Senate sent us their own pay bill on the evening of the last day of the last session. We had no choice except that of accepting it without change or killing any pay raise at all for the session.

Last year's pay act betrayed the executive branch's disregard for the comparability principle.

And the President's recommendation of a further pay adjustment made in this session under this bill betrays the same disregard. The raise which the administration is recommending would not bring us anywhere near close enough to our goal of comparable pay rates.

Congress this year should have reclaimed its legislative authority from the White House.

It is for Congress to determine what is just compensation for postal and classified workers. And Congress has obligated itself to realize comparability of Federal pay rates. Congress should have reclaimed and exercised its legislative authority in order to do justice to those who serve our Government. More than this, I expected that the Congress would stand firm for achievement of comparability against any pressure whatever from the administration.

Mr. Speaker, I shall reluctantly support this postal and classified pay raise this year. This is far from an exorbitant increase. Our postal and classified workers are years behind their counterparts in private industry. Government workers are doing a good job for America, and America owes them a remuneration comparable to that of those who labor outside of Government. We certainly are not meeting our responsibility to our Federal workers with this inadequate pay raise.

Mrs. GREEN of Oregon. Mr. Speaker, on March 7, in his message to the Congress, President Johnson stated that America could count its many blessings "a corps of Federal civil servants that is unequaled anywhere in the world." Characterizing these public servants as "honest, efficient, and—above all—dedicated," he went on to say that they represent "a national resource and a national asset."

Certainly the Federal corps of public servants is to be praised highly for its achievements, for the fine way in which it has answered the many demands placed upon it.

The Federal Government owes to these workers not only words of faith and praise, but also actions which congratulate and sustain them in their careers in the public service. It was in this spirit that the comparability principle was first established in the Federal Salary Reform Act of 1962. And it is in this spirit that the Federal pay bill before the Congress at this time should be considered.

At the time the President signed the Government Employees Salary Reform Act of 1964 into law he said:

America's challenges cannot be met in this modern world by mediocrity at any level, public or private. All through our society we must search for brilliance, welcome genius, strive for excellence.

This statement is only more true today. But will skilled and talented persons continue to be drawn to public service when they are not offered compensation even equal to that received in private industry?

Last year, according to the 1966 annual report of the Council of Economic Advisers, productivity in the private economy had grown by an average of 3.6 annually, but a 3.2 wage-price guidepost was continued for Federal service.

Because we cannot afford mediocrity, and because excellence is demanded by fast moving and ever more complex world—the pay bill before the Congress offers the very minimum we could ask.



If guidelines must be issued, then it cannot be upon the shoulders of the Federal employee alone that the burden falls. If the rewards are to be shared, then the responsibility must be shared. Is it not reasonable to ask the same guidelines for the private economy, and more especially private industry under Government contract, where the Federal Government pays 100 percent of the wages or salaries for employees of prime contractors with Defense or Space contracts? A 3-percent increase for a civil service employee and a 5-percent increase for a private employee under a 100-percent Government funded contract hardly seems fair and equitable.

America's challenges must be met—and they will only be met through a concerted effort for excellence. We cannot expect those in the Federal service to meet these challenges with excellence if they are given a disadvantage to overcome in addition to the vigorous demands made upon them by the very nature of their service to the public.

Our progress as a nation depends greatly on those in the public service, and it is in the national interest as well as in the interest of the Federal employees that fairness be maintained through comparability.

Mr. ADDABBO. Mr. Speaker, I rise in support of H.R. 14122. However, I must state that I am greatly disappointed in what we are here providing for the loyal employees of our Government. In the 87th Congress we enacted into law a bill calling for full comparability for Federal employees. We have not lived up to the promise we made, and each year we seem to get a little more behind. I believe that we have an obligation to bring the salaries of postal and classified workers into line with comparable work in private enterprise. The bill before us does not do this.

So-called guidelines have been set by the administration, and it is highly probable that only employees of the Federal Government will be forced to stay within these guidelines, employees who are already far behind.

This bill does carry with it certain changes, outside the area of salary, which we have long sought and are, I believe, a step in the right direction. One of the most outstanding features is the provision providing full retirement benefits to employees who have served the Federal Government for 30 years and have reached the age of 55.

Mr. Speaker, in supporting this bill, I say let us not long postpone fulfillment of our pledge to give full comparability to our loyal employees.

Mr. CORBETT. Mr. Speaker, I would simply like to join my colleague from Louisiana [Mr. MORRISON] in expressing the hope that this bill can be moved along practically unanimously to the other body right now.

Mr. Speaker, we have no further requests for time.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Louisiana [Mr. MORRISON], that the House suspend the rules and pass the bill H.R. 14122.

As many as are in favor of the motion will say "aye"; those opposed "no." In

the opinion of the Chair, two-thirds having voted in the affirmative, the bill is passed.

Mr. UDALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to the order of the House of March 30, further proceedings in connection with this bill will go over until Wednesday next.

Mr. UDALL. Mr. Speaker, I ask unanimous consent to withdraw my point of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

#### EMERGENCY ASSISTANCE TO INDIA

Mr. COOLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.J. Res. 997) to support U.S. participation in relieving victims of hunger in India and to enhance India's capacity to meet the nutritional needs of its people, with committee amendments.

The Clerk read as follows:

H.R. Res. 997

Whereas the Congress has declared it to be the policy of the United States to make maximum efficient use of this Nation's agricultural abundance in furtherance of the foreign policy of the United States;

Whereas the Congress is considering legislation to govern the response of the United States to the mounting world food problem;

Whereas critical food shortages in India threatening the health if not the lives of tens of millions of people require an urgent prior response: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Congress endorses and supports the President's initiative in organizing substantial American participation in an urgent international effort designed to:

(a) Help meet India's pressing food shortages by making available to India under Public Law 480 agricultural commodities to meet India's normal import needs plus added quantities of agricultural commodities as the United States share in the international response to the Indian emergency.

(b) Help combat malnutrition, especially in mothers and children, via a special program;

(c) Encourage and assist those measures which the Government of India is planning to expand India's own agricultural production;

That the Congress urges the President to join India in pressing on other nations the urgency of sharing appropriately in a truly international response to India's critical need.

The Congress urges that to the extent necessary the food made available by this program be distributed in such manner that hungry people without money will be able to obtain food.

The SPEAKER pro tempore. Is a second demanded?

Mr. DAGUE. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina will be allotted 20 minutes and the gentleman

from Pennsylvania [Mr. DAGUE] 20 minutes. The Chair now recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker and Members of the House, sometime last December a meeting was held here in Washington which was attended by representatives from 50 or 60 nationally known organizations. It was the organizational meeting of the Committee on the World Food Crisis. Since that time I understand that many other organizations have become affiliated with this newly formed committee.

On January 19 I introduced a resolution calling for a world war on hunger. I delayed hearings on the resolution until the President's message on food had been sent to Congress. On February 14 I introduced a bill recommended by the President.

We have had extensive hearings on both those bills, and I have never known a more distinguished array of witnesses to appear in our committee room than those who have testified in connection with those two bills and other bills which have been introduced dealing with the same subject.

Mr. Speaker, at a recent meeting in the White House, I think last week, the President had members of both parties there for a conference to talk about the desperate situation in India. This was after the Prime Minister of India had visited Washington and had conferred with the President. Following that conference and at the request of the President, I introduced a House joint resolution, and that resolution is now before you, House Joint Resolution 997, to support U.S. participation in relieving victims of hunger in India and to enhance India's capacity to meet the nutritional needs of its people.

We have had hearings on this resolution. It was considered at length in the committee. Two amendments were adopted. The resolution was approved unanimously by the 35-man committee.

Mr. Speaker, I have never visited India, and I have no firsthand information concerning the desperate plight of the Indian people. But I do know that all of the hearings we have held clearly indicate that they are in desperate need. Many people of India are now starving. This is the result of a disaster that happened there because of a great drought that they had in that great country.

Mr. Speaker, two-thirds of the people of this earth are now underfed, and one-third of the people of the world are now overfed. Fortunately, our Nation has been blessed, as no other nation on this earth has been blessed. Our fields have flourished. We have harvested abundantly. We have shared that abundance in magnificent fashion through programs of great magnitude.

The most magnanimous programs ever operated by any nation in all the history of the world have been carried on by the United States of America. We have relieved hunger in 100 nations. We have relieved hunger of 100 million people in these 100 nations of the world.

Now, Mr. Speaker, we are called upon again to come to the rescue of those hun-



dreds of millions of Indians who are in desperate need.

As I have said many times before, and I say again, there are two major words in all the languages on this earth: "food" and "raiment." Fortunately, we have an abundance of food and of fiber.

We come now merely to endorse and to approve the new action which has been taken by the President of the United States to provide relief for the people of India.

The SPEAKER pro tempore (Mr. ALBERT). The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Speaker, I yield myself 2 additional minutes.

Mr. Speaker, this is not an authorization bill. It is not an appropriation bill. The resolution speaks for itself. It merely endorses and approves this humanitarian action on the part of the President. As I said in the beginning, the resolution, after hearings, was reported by a unanimous vote. I hope that it will be approved by this House by a unanimous vote today so that not only the people of India may know of our interest and their welfare and happiness, but also that the people of the entire world will know that we are perfectly willing to share our abundance with less fortunate people.

Mr. LATTA. Mr. Speaker, will the gentleman yield to me?

Mr. COOLEY. Yes, I yield to the gentleman from Ohio.

Mr. LATTA. The other morning at the White House, as the gentleman knows, this matter was discussed by the President, by the Secretary of the Department of Agriculture, and by Secretary of State Rusk. The gentleman from North Carolina will recall that I posed a question to the President as to what consideration, if any, was being given to the fact that our wheat stocks were rapidly declining, and have been so declining for the last 3 years. During this period they have gone from 1.4 billion bushels down to less than 600 million bushels and we should probably soon give consideration to relaxing controls on our wheat farmers. We did not receive a definite answer from the Secretary of Agriculture or from the President at that time.

I am wondering whether or not the House Committee on Agriculture has given any consideration to relaxing some of these controls on our wheat producers, since those stocks are rapidly declining, particularly with reference to our Soft Red Winter wheat producers in Ohio, whose stocks will be down to some 7 million bushels the first of July?

Mr. COOLEY. My recollection is that we were assured that if this relief were provided we would have a carryover of about 600 millions bushels of wheat.

The SPEAKER pro tempore. The time of the gentleman from North Carolina has again expired.

Mr. COOLEY. Mr. Speaker, I yield myself 2 additional minutes.

In other words, that our reserves and carryover would be adequate to meet our domestic needs.

Mr. LATTA. Mr. Speaker, if the gentleman will yield further, speaking about the 600 million bushels of carryover, I

believe the February report of the wheat situation shows that the carryover will be approximately 600 million bushels. However, that was before this commitment was made by the President to India.

As I size this up, this is going to be in excess of 200 million bushels if we have to also deliver wheat to India for some of the other nations. Therefore, I do not see how we can come up with a 600 million bushel carryover if we are going to give 200 million bushels to India in this one transaction.

Mr. COOLEY. It is my understanding that our deliveries will be made throughout the rest of the calendar year. Of course, we will have another harvest coming and I assume all these things were taken into consideration by those who gave us the assurance that we would have an adequate supply in our carryovers.

I am sure you will recall that the President assured us at the White last week that he did not want to deprive our people nor did he want to have an inadequate carryover.

Mr. LATTA. I think that is a very fair and adequate statement of the President's position.

Nor will the gentleman come back to my question as to whether or not your committee has given any consideration to the relaxation of controls on our wheat producers in view of this situation?

Mr. COOLEY. I am certain that our committee would, of course, if the bill that we are now preparing, which is an amendment to Public Law 480, is adopted, and we hope to have it up right after recess. This legislation will strike out the word "surplus," thus permitting deliberate production of food for hungry people in other nations, and we can then embark upon a program of increasing production. I have looked forward always to the time that we can go forth in the spring and plant freely, and harvest abundantly, and market our produce profitably.

Mrs. MAY. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mrs. MAY. Mr. Speaker, I would like to ask the gentleman from North Carolina a question concerning the intent of this bill—as to what form our wheat might be made available to India? In the committee, as the gentleman will recall, we discussed the practicality of making as much of this wheat available in the form of flour. This is because of easier loading and unloading problems and perhaps even more important, the fact that there is greater protection against the ravages of rodents in India, a problem which concerns the Indian Government as well as those of us who have been involved in sending our products overseas and having so much of it lost because of inadequate protection at the ports and warehouses. Would the gentleman care to comment on the practicability of making as much as possible of this available to them in the form of flour?

Mr. COOLEY. I think that would depend on whether or not we could expedite our efforts to relieve hunger by

sending the flour to the people in India rather than sending the wheat.

I understand the people of India, or at least a lot of them, do not know anything about flour and would not even know how to handle it or to prepare it. They take the raw wheat and grind it up into some kind of mush and consume it in that form. For the sake of our own working people here at home and the people in our mills, I would prefer of course to send them the flour. But then again there comes up the question of shipping and dock facilities and unloading and transportation in the interior by means of the distribution system there which I understand in India is very poor.

I am certain that consideration will be given to that problem.

Mrs. MAY. I know there are a number of flour mills in India, and they are admittedly running on only half capacity, as the Secretary of Agriculture testified, because they need to get this wheat directly to the people without waiting to have it milled. But because of our American marketing efforts in India, we have been teaching a number of Indian people to use the wheat as flour. Certainly there is a part of the population, quite a number, that do in some areas know how to use flour as food. All I am trying to emphasize here is that we would hope that the Secretary of Agriculture would keep this in mind because this is an easy way and a safer way to transport the grain, and for those people who know how to use it, it could be distributed to them. Otherwise, of course, as you say, they would use the grain and make their chepatas out of the wheat that they grind in their own homes.

Mr. COOLEY. I join my lovely colleague in the hope that the Secretary will bear in mind just what she has said.

I would like very much to have the wheat processed here because it would provide jobs for our American workers. I would hope the Secretary of Agriculture would take all that into consideration. But by and large the one object here is to try to see if we cannot relieve hunger as quickly as possible.

Mrs. MAY. I thank the gentleman.

Mr. DAGUE. Mr. Speaker, I yield myself such time as I may consume.

(Mr. DAGUE asked and was given permission to revise and extend his remarks.)

Mr. DAGUE. Mr. Speaker, it certainly is my feeling that the people of the United States wish to help unfortunate people in India. As a God-fearing nation, the United States has time and time again come to the aid of hungry people throughout the world. Since the days of the late Herbert Hoover to the present food-for-peace program established under Public Law 480, the American people have more than generously shared their wealth and abundance with millions upon millions of people overseas.

In considering this legislation today though, I think we should try to keep in proper perspective a few major points.

First of all, from a purely legal point of view, this legislation is not needed. There is no question whatsoever that the President has all the authority necessary to do exactly what this resolution









House  
April 6, 1966

The Committee concurs that the Executive Branch ought to take full advantage of every feasible means in making up the budget to identify program objectives, develop dependable estimates of their cost, and present clear alternatives to enable top management to make wise choices concerning the future activities of the government. As government increases, the need for such a system increases. The planning-programing-budgeting system which the President has directed each Federal agency to initiate could, if properly pursued, go a long way in meeting that requirement. The Committee is hopeful that it will and has approved both funds and personnel requested for that purpose in the budget. The Committee has been assured, however, that this new system will not overshadow or displace the regular budgetary procedure."

3. PERSONNEL; PAY. Passed, 393 to 1, under suspension of the rules, H. R. 14122, the proposed Federal Salary and Fringe Benefits Act of 1966 (pp. 7382-3, 7450). See Digest 58 for a summary of provisions of the bill.
4. COMMODITY EXCHANGES. Received from this Department a proposed bill to amend the Commodity Exchange Act so as to restrict further the use of customers' funds by commodity futures commission merchants, to authorize further the regulation of records of contract markets, and eliminate a futures commission merchant's right to loan customers' funds on the security of negotiable warehouse receipts; to Agriculture Committee. p. 7457
5. FOREIGN TRADE. Concurred in the Senate amendment to H. R. 11029, to increase the tariff rates on fabrics made of a mixture of ramie, rayon, or other man-made fibers with cotton, and fabrics made of blended yarn containing small amounts of high-value rabbit hair and a large amount of low-value reprocessed wool. This bill will now be sent to the President. p. 7382  
Rep. Curtis expressed concern that "the President under section 22(b) of the Agricultural Adjustment Act announced an enlargement of the U. S. quota restricting the importation of foreign cheddar cheeses, pending investigation and report by the Tariff Commission." p. 7415  
Rep. Monagan commended the President's proposal to establish an Indian-American Foundation to promote the economic development of India, including agricultural education and farm technology. p. 7451
6. COFFEE; INTERNATIONAL COMMODITY AGREEMENTS. Rep. Curtis criticized international commodity agreements, including the International Coffee Agreement, stating that "the history of such agreements has not in the least been encouraging." pp. 7425-6
7. COOPERATIVES; FOOD FOR FREEDOM. Rep. Olson commended the accomplishments of cooperatives in the AID program, and urged that cooperatives be used to the greatest extent possible in implementing the proposed Food for Freedom program. pp. 7452-3
8. CATTLE HIDES. Rep. Mink commended the Commerce Department for calling hearings on export quotas on cattle hides, and expressed hope that the quotas would be rescinded. pp. 7437-8
9. SOIL CONSERVATION. Rep. Resnick commended the work of soil and water conservation districts in his congressional district. p. 7449
10. ELECTRIFICATION; APPALACHIA. Rep. Dorn charged that the Interior Department was delaying the application of the Duke Power Co. for the construction of

power generating projects in the Appalachia area. p. 7412

11. TRANSPORTATION. Rep. Albert inserted a Railway Progress Institute statement supporting the President's proposal to establish a Department of Transportation pp. 7413-4
12. POVERTY. Rep. Goodell criticized administration of the poverty program by OEP, particularly in Santa Clara County, Calif. pp. 7415-6
13. GENERAL ACCOUNTING OFFICE. Rep. Poff commended the work of the General Accounting Office, and criticized "the majority membership of the House committee" which issued "a report which inferentially rebukes and chastises GAO." p. 7430
14. INTERNATIONAL EDUCATION. Rep. Brademas inserted the testimony of several witnesses before the Education and Labor Committee on H. R. 12452, the proposed International Education Act of 1966. pp. 7438-48
15. ADJOURNMENT; EASTER RECESS. Both Houses agreed to H. Con. Res. 625, providing for adjournment of the House from Apr. 7 to Apr. 18, and adjournment of the Senate from Apr. 7 to Apr. 13. pp. 7388, 7471
16. LEGISLATIVE PROGRAM. Rep. Albert stated that no legislative business was scheduled for Thurs., Apr. 7, or for the Mon. following Easter recess. p. 7414

#### SENATE

17. FOOD FOR INDIA. Passed without amendment H. J. Res. 997, to support U. S. participation in relieving victims of hunger in India and to enhance India's capacity to meet the nutritional needs of its people (pp. 7485, 7502-11). This joint resolution will now be sent to the President. For provisions contained in this resolution see Digest 58. A similar resolution, S. J. Res. 149, which had earlier been reported with amendments (S. Rept. 1101), was indefinitely postponed (p. 7463).  
Sen. Brewster commended the President's response to India's appeal for help. pp. 7542-43
18. WATER. Passed without amendment S. 2999, to repeal Sec. 6 of the Southern Nevada Project Act relating to priority for water users. pp. 7499-7501  
Sen. Randolph commended the President's efforts to "offset inflationary influences" but advocated maintaining "the best pace possible in our soil stabilization and water resource plans." pp. 7550-2
19. FARM LOANS. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendment S. 2822, to amend various provisions of the laws administered by the Farm Credit Administration to improve operations thereunder p. D303  
The "Daily Digest" states that the Agriculture and Forestry Committee tabled S. 1126, "authorizing emergency farm loans in areas where credit is not otherwise available because of serious economic conditions for farmers." p. D303
20. USER CHARGES. The "Daily Digest" states that the Agriculture and Forestry Committee tabled these bills: S. 2820, "authorizing funds to improve inspection



## NAYS—0

## NOT VOTING—45

Abernethy	Fraser	Patman
Adair	Fulton, Tenn.	Powell
Blatnik	Fuqua	Purcell
Bolling	Griffin	Reinecke
Brock	Hagan, Ga.	Rooney, N.Y.
Burleson	Hardy	Roudebush
Cabell	Herlong	Scott
Cameron	Jacobs	Sweeney
Celler	Johnson, Okla.	Teague, Tex.
Chelf	Keogh	Tenzer
Colmer	Macdonald	Toll
Dowdy	Matthews	Tunney
Dyal	Miller	Whitten
Farbstein	Murray	Williams
Fino	Nix	Willis

So the bill was passed.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Griffin.  
 Mr. Rooney of New York with Mr. Rein-  
 ecke.  
 Mr. Tenzer with Mr. Fino.  
 Mr. Toll with Mr. Adair.  
 Mr. Farbstein with Mr. Roudebush.  
 Mr. Burleson with Mr. Brock.  
 Mr. Jacobs with Mr. Blatnik.  
 Mr. Miller with Mr. Teague of Texas.  
 Mr. Hardy with Mr. Celler.  
 Mr. Matthews with Mr. Dyal.  
 Mr. Cabell with Mr. Colmer.  
 Mr. Abernethy with Mr. Ashley.  
 Mr. Nix with Mr. Sweeney.  
 Mr. Macdonald with Mr. Scott.  
 Mr. Johnson of Oklahoma with Mr. Chelf.  
 Mr. Cameron with Mr. Dowdy.  
 Mr. Fuqua with Mr. Philbin.  
 Mr. Fraser with Mr. Powell.  
 Mr. Patman with Mr. Whitten.  
 Mr. Willis with Mr. Williams.  
 Mr. Hagan of Georgia with Mr. Purcell.  
 Mr. Herlong with Mr. Murray.

The result of the vote was announced as above recorded.

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6319) to amend the Internal Revenue Code of 1954 to provide for treatment of the recovery of losses arising from expropriation, intervention, or confiscation of properties by governments of foreign countries, with Senate amendments thereto, and consider the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, and I shall not do so, I take this time merely to offer the chairman an opportunity to explain these Senate amendments.

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Speaker, if there is no objection to the request I propose, I would move to substitute for the Senate amendments dealing with the subject of extending the time for the enrollment of people under the plan B of the social security medical care program the language of the bill which has just passed the House. The Senate amendment deals in part with what was in the House passed bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. My question is on legislative intent. Where there are people who are responsible for the care of older people, in the position of children or guardians or a relative or have the interest of that person at heart or whether it is a nonprofit organization such as a church or a church society, is it possible for that organization or that person to pay for the \$3 a month premium and sign up for the older person, when, for example, an older person is not able to handle these things, or simply will not sign any paper whatever, and the family, for example, does not want to have the aged declared mentally incompetent.

Can we have a legislative intent?

Mr. MILLS. Mr. Speaker, will the gentleman from Wisconsin yield to me at this point?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman from Pennsylvania raises a point that is not, first of all, let me say, involved in this particular subject matter pending before the House. It is, however, dealt with in the basic legislation to which these amendments apply. In the case of the individual who is having his affairs looked after by a guardian or conservator, or for that reason in either case of that sort it is possible for that individual or that person to enroll the elderly one to whom the gentleman from Pennsylvania refers.

Mr. FULTON of Pennsylvania. Suppose there is no legal guardian appointed? Then the question comes up, can someone who has legal responsibility take care of the person.

Mr. MILLS. Mr. Speaker, if the gentleman from Wisconsin will yield further, there is actually no basis involved against a person enrolling the elderly citizen, even in the case where there is no legal guardianship or legal responsibility upon the latter person.

Mr. FULTON of Pennsylvania. Then if the person, for example, is confused or simply will not sign any paper, can someone in this position who has the legal responsibility for them, or a friend or a ladies aid society, pay a premium and enroll the person, unless there is a specific objection filed by the person to be benefited?

Mr. MILLS. Mr. Speaker, if the gentleman from Wisconsin will yield further—

Mr. BYRNES of Wisconsin. I yield further to the gentleman from Arkansas.

Mr. MILLS. You want to remember this: That this is a case of a voluntary election. It is not a voluntary election by someone for someone else. It has to be an election—a voluntary election—by an elderly person who is otherwise eligible to enroll. That person is required to file for this. Unless the person is mentally incapacitated, or for some other reason incapacitated, then he has to file for this. Of course, if the person is mentally incapacitated, or for some other reason is incapacitated and could not file, normally there is a legal guardian for this person looking after the person's

other affairs, and such individual could file for that person.

Even if there is no legal guardian, so long as the person is incompetent to handle his own affairs, another person may enroll for him.

Where there is a question or doubt about whether a person is competent to act on his own behalf or whether he can handle his own affairs without assistance, I understand that the policy followed by the Social Security Administration is to resolve the issue on the side of allowing another person to enroll on his behalf.

Thus there is no need to have a legal guardian appointed in order to get such person enrolled. Nor is there any need to have a legal adjudication of incompetency. The Social Security Administration will look at the facts, including medical reports, and if the facts indicate that a person is not actually able to make the decision for himself, he can be enrolled by some other interested person.

If a person is physically competent and if the person is mentally able to do so, that person has to make the determination, and someone else cannot do it for them.

Mr. BYRNES of Wisconsin. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read as follows:

Page 17, after line 10, insert:

"SEC. 3. TWO-MONTH EXTENSION OF INITIAL ENROLLMENT PERIOD FOR SUPPLEMENTARY MEDICAL INSURANCE BENEFITS FOR THE AGED"

"(a) The first sentence of section 1837(c) of the Social Security Act is amended (1) by striking out 'January 1, 1966' and inserting in lieu thereof 'March 1, 1966', and (2) by striking out 'March 31, 1966' and inserting in lieu thereof 'May 31, 1966'.

"(b) Section 1837(d) of the Social Security Act is amended by striking out 'January 1, 1966' and inserting in lieu thereof 'March 1, 1966'.

"(c) Section 102(b) of the Social Security Amendments of 1965 is amended by striking out 'April 1, 1966' each time it appears and inserting in lieu thereof 'June 1, 1966'."

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 to provide for treatment of the recovery of losses arising from expropriation, intervention, or confiscation of properties by governments of foreign countries, and to amend title XVIII of the Social Security Act to extend the initial enrollment period for supplementary medical insurance benefits."

Mr. MILLS (during reading of Senate amendments). Mr. Speaker, I ask unanimous consent to dispense with further reading of the Senate amendments.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I offer as a substitute for the Senate amendments the following amendment, which I send to the Clerk's desk, which is the identical text of the bill, H.R. 14224, that has just passed the House.



The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. MILLS moves to concur in the Senate amendment with an amendment as follows: In lieu of the matter inserted by the Senate amendment to the text of the bill, insert the following:

**"SEC. 3. TWO-MONTH EXTENSION OF INITIAL ENROLLMENT PERIOD FOR SUPPLEMENTARY MEDICAL INSURANCE BENEFITS FOR THE AGED**

"(a) The first sentence of section 1837(c) of the Social Security Act is amended (1) by striking out 'January 1, 1966' and inserting in lieu thereof 'March 1, 1966', and (2) by striking out 'March 31, 1966' and inserting in lieu thereof 'May 31, 1966'.

"(b) Section 1837(d) of the Social Security Act is amended by striking out 'January 1, 1966' and inserting in lieu thereof 'March 1, 1966'.

"(c) Section 102(b) of the Social Security Amendments of 1965 is amended by striking out 'April 1, 1966' each time it appears and inserting in lieu thereof 'June 1, 1966'.

"(d) In the case of an individual who first satisfies paragraphs (1) and (2) of section 1836 of the Social Security Act in March 1966, and who enrolls pursuant to subsection (d) of section 1837 of such Act in May 1966, his coverage period shall, notwithstanding section 1838(a) (2) (D) of such Act, begin on July 1, 1966.

**"SEC. 4. COVERAGE, UNDER STATE AGREEMENTS, OF PUBLIC ASSISTANCE RECIPIENTS ENTITLED TO SOCIAL SECURITY OR RAILROAD RETIREMENT BENEFITS.**

"(a) Subsection (b) of section 1843 of the Social Security Act is amended by striking out the semicolon at the end of paragraph (2) and inserting in lieu thereof a period, and by striking out all that follows and inserting in lieu thereof (after and below paragraph (2)) the following new sentence:

"Except as provided in subsection (g), there shall be excluded from any coverage group any individual who is entitled to monthly insurance benefits under title II or who is entitled to receive an annuity or pension under the Railroad Retirement Act of 1937."

"(b) Section 1843 of such Act is amended by adding at the end thereof the following new subsection:

"(g) (1) The Secretary shall, at the request of a State made before January 1, 1968, enter into a modification of an agreement entered into with such State pursuant to subsection (a) under which the second sentence of subsection (b) shall not apply with respect to such agreement.

"(2) In the case of any individual who would (but for this subsection) be excluded from the applicable coverage group described in subsection (b) by the second sentence of such subsection—

"(A) subsections (c) and (d) (2) shall be applied as if such subsections referred to the modification under this subsection (in lieu of the agreement under subsection (a)),

"(B) subsection (d) (3) (B) shall not apply so long as there is in effect a modification entered into by the State under this subsection, and

"(C) notwithstanding subsection (e), in the case of any termination described in such subsection, such individual may terminate his enrollment under this part by the filing of a notice, before the close of the third month which begins after the date of such termination, that he no longer wishes to participate in the insurance program established by this part (and in such a case, the termination of his coverage period under this part shall take effect as of the close of such third month)."

"(c) Section 1840 of such Act is amended by adding at the end thereof the following new subsection:

"(1) In the case of an individual who is enrolled under the program established by

this part as a member of a coverage group to which an agreement with a State entered into pursuant to section 1843 is applicable, subsections (a), (b), (c), (d), and (e) of this section shall not apply to his monthly premium for any month in his coverage period which is determined under section 1843(d)."

Mr. MILLS. Mr. Speaker, I ask unanimous consent to dispense with further reading of the amendment that I just sent to the desk, and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

Mr. MILLS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MILLS moves to concur in the Senate amendment to the title of the bill.

The motion was agreed to.

A motion to reconsider was laid on the table.

On motion of Mr. MILLS, and by unanimous consent, the proceedings by which the bill H.R. 14224 was passed were vacated and the bill was laid on the table.

**TARIFF TREATMENT OF CERTAIN WOVEN FABRICS**

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11029) an act relating to the tariff treatment of certain woven fabrics, with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 5, after "before" insert "the 60th day after".

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

**FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966**

Mr. CONYERS. Mr. Speaker, I will vote for H.R. 14122 but only reluctantly. This 2.9 percent pay raise for Federal, postal and civil service employees is absolutely inadequate. In 1962 the Congress passed a law committing itself to providing all Federal civilian employees with the pay and fringe benefits equal to that earned by people in comparable jobs in private industry. Four years later we have made little progress toward achieving this goal. Federal employees still receive salaries and fringe benefits far below comparability. The bill before us today does not help in any way to bridge the gap between Federal and private salaries since it only provides a pay increase for the coming fiscal year which will be just approximately equal to the pay raises forecast for those working in comparable private jobs.

I strongly supported the 7-percent pay raise bills supported by the various Federal employee groups. Even a 7-percent

pay raise would only have taken us approximately halfway toward achieving comparability. Certainly, after a 4-year delay in fulfilling our promise, a 7-percent raise was the least we could do.

Every year since 1962 Congress has been told that, for one reason or another, it could not pass a Federal pay bill which would make any real progress toward achieving comparability. Again this year, many people have claimed to favor implementing the comparability principle but they say that unfortunately this is the wrong year because of the war in Vietnam and the threat of inflation. However, expert economists tell us that the specific and principle cause of the current inflation is a too rapid increase in the rate of new business investment financed by rapidly increasing corporate profits. To me, therefore, the only appropriate response to the inflationary danger is to deal with the specific cause of the problem by imposing an excess corporate profits tax, similar to the tax imposed during the Korean War and World War II, and to repeal the special 7-percent business investment tax credit.

The answer to inflation caused by the shift to a wartime economy is not to cut back on vital domestic efforts such as the antipoverty and education programs. As President Johnson pointed out last January in his state of the Union message, to reduce these programs would be to sacrifice "the hopes of the unfortunate here in a land of plenty." Nor is the answer to refuse to grant the pay raises to Federal employees—which we all agree are quite fair and justified. For that would be to ask our employees not only to be efficient and conscientious but, in effect, to subsidize Federal programs by agreeing to lower wages.

Comparability for Federal employees is long overdue. I plan to introduce a bill providing the specific increases which would finally redeem our 1962 promise to assure Federal employees of wage and fringe benefits equal to those earned by people in comparable private jobs. I realize that Federal pay rates are so far behind comparability that we could probably not catch up entirely in 1 year. But since this is the second year I am asked to vote for a Federal pay raise bill which I feel to be grossly inadequate, I want to indicate, in this way, my strong support for the fastest possible achievement to comparable wages and fringe benefits.

I know that the members of the Post Office and Civil Service Committee, who are so expert on questions of Federal pay, certainly wanted to bring in a bill which would have made some progress toward achieving comparability. I congratulate the members of the committee, under the able and outstanding leadership of Chairman MURRAY and Congressmen MORRISON and UDALL, for presenting us with a bill that would seem to be the most generous possible, given the harsh political realities. I particularly want to compliment them for advancing the effective date of the pay raise to July 1, 1966, from January 1, 1967.

Knowing the overwhelming support of the Post Office and Civil Service Committee for the principle of comparability, I look forward to a bill being presented



to us next year which will be a significant step toward achieving comparability. We should finally redeem our 1962 promise of fair and just wages for Federal employees.

### FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

The SPEAKER. The unfinished business is the question on suspending the rules and passing the bill (H.R. 14122) to adjust the rates of basic compensation of certain employees of Federal Government, and for other purposes, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is: Will the House suspend the rules and pass the bill, H.R. 14122, as amended?

The question was taken.

Mr. UDALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 393, nays 1, not voting 38, as follows:

[Roll No. 59]

YEAS—393

Abbitt	Celler	Farnum
Adams	Chamberlain	Fascell
Addabbo	Clancy	Feighan
Albert	Clark	Findley
Anderson, Ill.	Clausen,	Fisher
Anderson,	Don H.	Flood
Tenn.	Clawson, Del.	Flynt
Andrews,	Cleveland	Fogarty
George W.	Clevenger	Foley
Andrews,	Cohelan	Ford, Gerald R.
Glenn	Collier	Ford,
Andrews,	Conable	William D.
N. Dak.	Conte	Fountain
Annunzio	Conyers	Fraser
Arends	Cooley	Frelinghuysen
Ashbrook	Corbett	Friedel
Ashley	Corman	Fulton, Pa.
Ashmore	Craley	Fulton, Tenn.
Aspinall	Cramer	Gallagher
Ayres	Culver	Garmatz
Bandstra	Cunningham	Gathings
Baring	Curtin	Gettys
Barrett	Curtis	Gialmo
Bates	Daddario	Gibbons
Battin	Dague	Gilbert
Beckworth	Daniels	Gilligan
Belcher	Davis, Ga.	Gonzalez
Bell	Davis, Wis.	Goodell
Bennett	Dawson	Grabowski
Berry	de la Garza	Gray
Betts	Delaney	Green, Oreg.
Bingham	Dent	Green, Pa.
Blatnik	Denton	Greigg
Boggs	Derwinski	Grider
Boland	Devine	Griffiths
Bolton	Dickinson	Gross
Bow	Diggs	Grover
Brademas	Dingell	Gubser
Bray	Dole	Gurney
Brooks	Donohue	Hagen, Calif.
Broomfield	Dorn	Haley
Brown, Calif.	Dow	Hall
Brown, Ohio	Downing	Halleck
Broyhill, N.C.	Dulski	Halpern
Broyhill, Va.	Duncan, Oreg.	Hamilton
Buchanan	Duncan, Tenn.	Hanley
Burke	Dwyer	Hanna
Burton, Calif.	Edmondson	Hansen, Idaho
Burton, Utah	Edwards, Ala.	Hansen, Iowa
Byrne, Pa.	Edwards, Calif.	Hansen, Wash.
Byrnes, Wis.	Edwards, La.	Harsha
Cahill	Ellsworth	Harvey, Ind.
Callan	Erlenborn	Harvey, Mich.
Callaway	Evans, Colo.	Hathaway
Carey	Everett	Hawkins
Carter	Evins, Tenn.	Hays
Casey	Fallon	Hébert
Cederberg	Farnsley	Hechler

Helstoski	Minish	St. Onge
Henderson	Mink	Saylor
Hicks	Minshall	Scheuer
Holifield	Mize	Schlesler
Holland	Moeller	Schmidhauser
Horton	Monagan	Schneebeli
Hosmer	Moore	Schweiker
Howard	Moorhead	Secrest
Hull	Morgan	Selden
Hungate	Morris	Senner
Huot	Morrison	Shipley
Hutchinson	Morse	Shriver
Ichord	Morton	Sickles
Irwin	Mosher	Sikes
Jarman	Moss	Sisk
Jennings	Multer	Skubitz
Joelson	Murphy, Ill.	Slack
Johnson, Calif.	Murphy, N.Y.	Smith, Calif.
Johnson, Pa.	Natcher	Smith, Iowa
Jonas	Nedzi	Smith, N.Y.
Jones, Ala.	Nelsen	Smith, Va.
Jones, Mo.	O'Brien	Springer
Jones, N.C.	O'Hara, Ill.	Stafford
Karsten	O'Hara, Mich.	Staggers
Karth	O'Konski	Stalbaum
Kastenmeier	Olsen, Mont.	Stanton
Kee	Olson, Minn.	Steed
Keith	O'Neal, Ga.	Stephens
Kelly	O'Neill, Mass.	Stratton
King, Calif.	Ottinger	Stubblefield
King, N.Y.	Passman	Sullivan
King, Utah	Patten	Talcott
Kirwan	Pelly	Taylor
Kluczynski	Pepper	Teague, Calif.
Kornegay	Perkins	Teague, Tex.
Krebs	Philbin	Thomas
Kunkel	Pickle	Thompson, N.J.
Kupferman	Pike	Thompson, Tex.
Laird	Pirnie	Thomson, Wis.
Landrums	Poff	Todd
Langen	Pool	Trimble
Latta	Price	Tuck
Leggett	Pucinski	Tupper
Lennon	Purcell	Tuten
Lipscomb	Quile	Udall
Long, La.	Quillen	Ullman
Long, Md.	Race	Utt
Love	Randall	Van Deerlin
McCarthy	Redlin	Vanik
McClary	Rees	Vigorito
McCulloch	Reid, Ill.	Vivian
McDade	Reid, N.Y.	Waggonner
McDowell	Reifel	Walker, Miss.
McEwen	Resnick	Walker, N. Mex.
McFall	Reuss	Watkins
McGrath	Rhodes, Ariz.	Watson
McMillan	Rhodes, Pa.	Watts
McVicker	Rivers, S.C.	Weltner
Macdonald	Rivers, Alaska	Whalley
MacGregor	Roberts	White, Idaho
Machen	Robison	White, Tex.
Mackay	Rodino	Whitener
Mackie	Rogers, Colo.	Widnall
Madden	Rogers, Fla.	Wilson, Bob
Mahon	Rogers, Tex.	Wilson,
Mailliard	Ronan	Charles H.
Marsh	Roncalio	Wolff
Martin, Ala.	Rooney, Pa.	Wright
Martin, Mass.	Rosenthal	Wyatt
Martin, Nebr.	Rostenkowski	Wylder
Mathias	Roush	Yates
Matsunaga	Roybal	Young
May	Rumsfeld	Younger
Meeds	Ryan	Zablocki
Michel	Satterfield	
Mills	St Germain	

NAYS—1

Page

NOT VOTING—38

Abernethy	Fuqua	Powell
Adair	Griffin	Reinecke
Bolling	Hagan, Ga.	Rooney, N.Y.
Brock	Hardy	Roudebush
Burleson	Herlong	Scott
Cabell	Jacobs	Sweeney
Cameron	Johnson, Okla.	Tenzer
Chelf	Keogh	Toll
Colmer	Matthews	Tunney
Dowdy	Miller	Whitten
Dyal	Murray	Williams
Farbstein	Nix	Willis
Fino	Patman	

So (two-thirds having voted in favor thereof), the rules were suspended and the bill as amended was passed.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Adair.  
Mr. Rooney of New York with Mr. Fino.

Mr. Tenzer with Mr. Brock.  
Mr. Toll with Mr. Reinecke.  
Mr. Farbstein with Mr. Nix.  
Mr. Burleson with Mr. Roudebush.  
Mr. Jacobs with Mr. Sweeney.  
Mr. Miller with Mr. Madden.  
Mr. Hardy with Mr. Dowdy.  
Mr. Matthews with Mr. Chelf.  
Mr. Cabell with Mr. Scott.  
Mr. Powell with Mr. Dyal.  
Mr. Hagan of Georgia with Mr. Murray.  
Mr. Tunney with Mr. Willis.  
Mr. Williams with Mr. Johnson of Oklahoma.  
Mr. Colmer with Mr. Cameron.  
Mr. Whitten with Mr. Fuqua.  
Mr. Patman with Mr. Abernethy.  
Mr. Herlong with Mr. Griffin.

Mr. ASHLEY changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

### DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1967

The SPEAKER pro tempore (Mr. ALBERT). The further unfinished business is the vote on the motion of the gentleman from Ohio [Mr. Bow] to recommit the bill, H.R. 14215, the Department of the Interior and related agencies appropriation bill for 1967.

Without objection, the Clerk will again report the motion to recommit.

There was no objection.

The Clerk read as follows:

Mr. Bow moves to recommit the bill to the Committee on Appropriations, with instructions to that committee to report it back forthwith with the following amendment: On page 46, immediately before line 22, insert a new section as follows:

"SEC. 302. Money appropriated in this Act shall be available for expenditure in the fiscal year ending June 30, 1967, only to the extent that expenditure thereof shall not result in total aggregate net expenditures of all items provided for herein beyond 95 percent of the total aggregate net expenditures estimated therefor in the budget for 1967 (H. Doc. 335)."

The SPEAKER pro tempore. The question is on the motion to recommit.

Mr. BOW. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 156, nays 232, not voting 44, as follows:

[Roll No. 60]

YEAS—156

Abbitt	Broomfield	Conte
Anderson, Ill.	Brown, Ohio	Corbett
Andrews,	Broyhill, N.C.	Cramer
Glenn	Broyhill, Va.	Cunningham
Arends	Buchanan	Curtin
Ashbrook	Burton, Utah	Curtis
Ashmore	Byrnes, Wis.	Dague
Ayres	Cahill	Davis, Ga.
Bates	Callaway	Davis, Wis.
Battin	Carter	Derwinski
Belcher	Cederberg	Devine
Bell	Chamberlain	Dickinson
Bennett	Clancy	Dole
Berry	Clausen,	Dorn
Betts	Don H.	Duncan, Tenn.
Bolton	Clawson, Del.	Dwyer
Bow	Cleveland	Edwards, Ala.
Bray	Collier	Ellsworth
Brooks	Conable	Erlenborn



Findley  
Fisher  
Ford, Gerald R.  
Fountain  
Frelinghuysen  
Fulton, Pa.  
Gathings  
Gettys  
Goodell  
Gross  
Grover  
Gurney  
Haley  
Hall  
Halleck  
Halpern  
Hansen, Idaho  
Harsha  
Harvey, Ind.  
Harvey, Mich.  
Henderson  
Horton  
Hosmer  
Hutchinson  
Jarman  
Johnson, Pa.  
Jonas  
Jones, Mo.  
Jones, N.C.  
Keith  
King, N.Y.  
Kunkel  
Kupferman  
Laird

Langen  
Latta  
Lennon  
Lipscomb  
McClory  
McCulloch  
McEwen  
MacGregor  
Mackie  
Mailliard  
Martin, Ala.  
Martin, Mass.  
Martin, Nebr.  
Mathias  
May  
Michel  
Minshall  
Mize  
Moore  
Morse  
Morton  
Mosher  
Nelsen  
O'Konski  
O'Neal, Ga.  
Ottinger  
Passman  
Pelly  
Pickle  
Pirnie  
Poff  
Quile  
Quillen  
Randall

Reid, Ill.  
Reid, N.Y.  
Rhodes, Ariz.  
Rumsfeld  
Satterfield  
Saylor  
Schneebell  
Schweiker  
Selden  
Shriver  
Skubitz  
Smith, Calif.  
Smith, N.Y.  
Springer  
Stafford  
Stanton  
Stephens  
Stratton  
Teague, Calif.  
Thomson, Wis.  
Tuck  
Utt  
Walker, Miss.  
Watkins  
Watson  
Welther  
Whalley  
Whitener  
Widnall  
Wilson, Bob  
Wolf  
Wyder  
Younger

## NAYS—232

Adams  
Addabbo  
Albert  
Anderson, Tenn.  
Andrews, George W.  
Andrews, N. Dak.  
Annunzio  
Ashley  
Aspinall  
Bandstra  
Baring  
Barrett  
Beckworth  
Bingham  
Blatnik  
Boggs  
Boland  
Brademas  
Brown, Calif.  
Burke  
Burton, Calif.  
Byrne, Pa.  
Callan  
Carey  
Casey  
Celler  
Clark  
Clevenger  
Cohelan  
Conyers  
Cooley  
Corman  
Craley  
Culver  
Daddario  
Daniels  
Dawson  
de la Garza  
Delaney  
Dent  
Denton  
Diggs  
Dingell  
Donohue  
Dow  
Downing  
Dulski  
Duncan, Oreg.  
Edmondson  
Edwards, Calif.  
Edwards, La.  
Evans, Colo.  
Everett  
Fallon  
Farnsley  
Farnum  
Fascell  
Feighan  
Flood  
Flynt  
Fogarty  
Foley  
Ford, Gerald R.  
Ford  
William D.  
Fountain  
Frelinghuysen  
Friedel  
Fulton, Pa.  
Gallagher  
Garmatz  
Gathings  
Gettys  
Glaimo  
Gibbons  
Gilbert  
Gilligan  
Gonzalez  
Grabowski  
Gray  
Green, Oreg.  
Green, Pa.  
Greigg  
Grider  
Griffiths  
Gubser  
Hagan, Ga.  
Hagen, Calif.  
Hamilton  
Hanley  
Hanna  
Hansen, Iowa  
Hansen, Wash.  
Hathaway  
Hays  
Hebert  
Hechler  
Helstoski  
Hicks  
Hollifield  
Holland  
Howard  
Hull  
Hungate  
Huot  
Ichord  
Irwin  
Jennings  
Joelson  
Johnson, Calif.  
Jones, Ala.  
Karsten  
Karth  
Kastenmeier  
Kee  
Kelly  
King, Calif.  
King, Utah  
Kirwan  
Kluczynski  
Kornegay  
Landrum  
Leggett  
Long, La.  
Long, Md.  
Love  
McCarthy  
McDade  
McDowell  
McFall  
McGrath  
McMillan  
McVicker  
Macdonald  
Machen  
Mackay

Friedel  
Fulton, Tenn.  
Gallagher  
Garmatz  
Gialmo  
Gibbons  
Gilbert  
Gilligan  
Gonzalez  
Grabowski  
Gray  
Green, Oreg.  
Green, Pa.  
Greigg  
Grider  
Griffiths  
Gubser  
Hagan, Ga.  
Hagen, Calif.  
Hamilton  
Hanley  
Hanna  
Hansen, Iowa  
Hansen, Wash.  
Hathaway  
Hays  
Hebert  
Hechler  
Helstoski  
Hicks  
Hollifield  
Holland  
Howard  
Hull  
Hungate  
Huot  
Ichord  
Irwin  
Jennings  
Joelson  
Johnson, Calif.  
Jones, Ala.  
Karsten  
Karth  
Kastenmeier  
Kee  
Kelly  
King, Calif.  
King, Utah  
Kirwan  
Kluczynski  
Kornegay  
Landrum  
Leggett  
Long, La.  
Long, Md.  
Love  
McCarthy  
McDade  
McDowell  
McFall  
McGrath  
McMillan  
McVicker  
Macdonald  
Machen  
Mackay

Madden  
Mahon  
Marsh  
Matsunaga  
Meeds  
Mills  
Minish  
Mink  
Moeller  
Monagan  
Moorhead  
Morgan  
Morris  
Morrison  
Moss  
Multer  
Murphy, Ill.  
Murphy, N.Y.  
Natcher  
Nedzi  
O'Brien  
O'Hara, Ill.  
O'Hara, Mich.  
Olson, Mont.  
Olson, Minn.  
O'Neill, Mass.  
Patten  
Pepper  
Perkins  
Philbin  
Pike  
Poage  
Pool  
Price  
Pucinski  
Purcell  
Race  
Redlin  
Rees  
Reifel  
Resnick  
Rhodes, Pa.  
Rivers, S.C.  
Rivers, Alaska  
Roberts  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Rogers, Tex.  
Ronan  
Roncalio  
Rooney, Pa.  
Rosenthal  
Rostenkowski  
Roush  
Roybal  
Ryan  
St Germain  
St. Onge  
Scheuer  
Schisler  
Schmidhauser  
Secrest  
Senner  
Shipley  
Sickles  
Sikes

Sisk  
Slack  
Smith, Iowa  
Smith, Va.  
Staggers  
Stalbaum  
Steed  
Stubblefield  
Sullivan  
Taylor  
Thomas  
Thompson, N.J.  
Walker, N. Mex.

## NOT VOTING—44

Abernethy  
Adair  
Bolling  
Brook  
Burleson  
Cabell  
Cameron  
Chelf  
Colmer  
Dowdy  
Dyal  
Evins, Tenn.  
Farbstein  
Fino

Fuqua  
Griffin  
Hardy  
Hawkins  
Herlong  
Jacobs  
Johnson, Okla.  
Keogh  
Matthews  
Miller  
Murray  
Nix  
Patman  
Powell

Reinecke  
Rooney, N.Y.  
Roudebush  
Scott  
Sweeney  
Talcott  
Teague, Tex.  
Tenzer  
Thompson, Tex.  
Toll  
Tunney  
Whitten  
Williams  
Willis

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Griffin for, with Mr. Keogh against.  
Mr. Roudebush for, with Mr. Rooney of New York against.  
Mr. Adair for, with Mr. Miller against.  
Mr. Fino for, with Mr. Patman against.  
Mr. Talcott for, with Mr. Hardy against.  
Mr. Reinecke for, with Mr. Sweeney against.  
Mr. Brook for, with Mr. Jacobs against.

Until further notice:

Mr. Herlong with Mr. Tenzer.  
Mr. Teague of Texas with Mr. Farbstein.  
Mr. Dyal with Mr. Nix.  
Mr. Evins of Tennessee with Mr. Toll.  
Mr. Fuqua with Mr. Thompson of Texas.  
Mr. Johnson of Oklahoma with Mr. Williams.  
Mr. Chelf with Mr. Whitten.  
Mr. Cameron with Mr. Willis.  
Mr. Cabell with Mr. Abernethy.  
Mr. Burleson with Mr. Scott.  
Mr. Matthews with Mr. Colmer.  
Mr. Powell with Mr. Tunney.  
Mr. Dowdy with Mr. Murray.

Mr. CONTE changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. ALBERT). The question is on the passage of the bill.

Mr. BOW. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 370, nays 16, not voting 46, as follows:

[Roll No. 61]

## YEAS—370

Abbitt  
Adair  
Adams  
Addabbo  
Albert  
Anderson, Ill.  
Anderson, Tenn.  
Andrews, George W.  
Andrews, Glenn  
Annunzio  
Arends  
Ashbrook  
Ashley  
Ashmore  
Aspinall  
Ayres

Bandstra  
Baring  
Barrett  
Bates  
Battin  
Beckworth  
Belcher  
Bell  
Bennett  
Berry  
Betts  
Bingham  
Blatnik  
Boggs  
Boland  
Brademas  
Bray  
Brooks  
Broomfield  
Brown, Calif.  
Brown, Ohio

Broyhill, N.C.  
Broyhill, Va.  
Buchanan  
Burke  
Burton, Calif.  
Burton, Utah  
Byrne, Pa.  
Cahill  
Callan  
Carey  
Carter  
Casey  
Cederberg  
Celler  
Chamberlain  
Clancy  
Clark  
Clausen, Don H.  
Clawson, Del  
Cleveland

Clevenger  
Cohelan  
Collier  
Conable  
Conte  
Conyers  
Cooley  
Corbett  
Corman  
Craley  
Cramer  
Culver  
Cunningham  
Curtin  
Daddario  
Dague  
Daniels  
Davis, Ga.  
Dawson  
de la Garza  
Delaney  
Dent  
Denton  
Derwinski  
Devine  
Dickinson  
Diggs  
Dingell  
Dole  
Donohue  
Dorn  
Downing  
Dulski  
Duncan, Oreg.  
Duncan, Tenn.  
Dwyer  
Edmondson  
Edwards, Ala.  
Edwards, Calif.  
Edwards, La.  
Ellsworth  
Erlenborn  
Evans, Colo.  
Everett  
Evins, Tenn.  
Fallon  
Farnsley  
Farnum  
Fascell  
Feighan  
Findley  
Fisher  
Flood  
Flynt  
Fogarty  
Foley  
Ford, Gerald R.  
Ford  
William D.  
Fountain  
Frelinghuysen  
Friedel  
Fulton, Pa.  
Gallagher  
Garmatz  
Gathings  
Gettys  
Glaimo  
Gibbons  
Gilbert  
Gilligan  
Gonzalez  
Grabowski  
Gray  
Green, Oreg.  
Green, Pa.  
Greigg  
Grider  
Griffiths  
Gubser  
Gurney  
Hagan, Ga.  
Hagen, Calif.  
Haley  
Halleck  
Halpern  
Hamilton  
Hanley  
Hansen, Idaho  
Hansen, Iowa  
Hansen, Wash.  
Harsha  
Harvey, Ind.  
Harvey, Mich.  
Hathaway  
Hays  
Hechler  
Helstoski  
Henderson  
Hicks  
Hollifield  
Holland  
Horton  
Hosmer

Howard  
Hull  
Hungate  
Huot  
Hutchinson  
Ichord  
Irwin  
Jarman  
Jennings  
Joelson  
Johnson, Calif.  
Johnson, Pa.  
Jonas  
Jones, Ala.  
Jones, Mo.  
Jones, N.C.  
Karsten  
Karth  
Kastenmeier  
Kee  
Keith  
Kelly  
King, Calif.  
King, N.Y.  
King, Utah  
Kirwan  
Kluczynski  
Kornegay  
Krebs  
Kunkel  
Kupferman  
Landrum  
Langen  
Latta  
Leggett  
Lennon  
Lipscomb  
Long, La.  
Long, Md.  
Love  
McCarthy  
McClory  
McCulloch  
McDade  
McDowell  
McEwen  
McFall  
McGrath  
McMillan  
McVicker  
Macdonald  
MacGregor  
Machen  
Mackay  
Mackie  
Madden  
Mahon  
Mailliard  
Marsh  
Martin, Ala.  
Martin, Mass.  
Martin, Nebr.  
Mathias  
Matsunaga  
May  
Meeds  
Mills  
Minish  
Mink  
Mize  
Moeller  
Monagan  
Moore  
Moorhead  
Morgan  
Morris  
Morrison  
Morse  
Morton  
Mosher  
Moss  
Multer  
Murphy, Ill.  
Murphy, N.Y.  
Natcher  
Nedzi  
Nelsen  
O'Brien  
O'Hara, Ill.  
O'Hara, Mich.  
O'Konski  
Olsen, Mont.  
Olson, Minn.  
O'Neal, Ga.  
O'Neill, Mass.  
Ottinger  
Passman  
Patten  
Pelly  
Pepper  
Perkins  
Philbin  
Pickle  
Pike  
Pirnie

Poage  
Poff  
Pool  
Price  
Pucinski  
Purcell  
Quile  
Quillen  
Race  
Randall  
Redlin  
Rees  
Reid, Ill.  
Reid, N.Y.  
Reifel  
Resnick  
Reuss  
Rhodes, Ariz.  
Rhodes, Pa.  
Rivers, Alaska  
Roberts  
Robison  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Rogers, Tex.  
Rogers, Tex.  
Ronan  
Roncalio  
Rooney, Pa.  
Rosenthal  
Rostenkowski  
Roush  
Roybal  
Rumsfeld  
Ryan  
Satterfield  
St Germain  
St. Onge  
Saylor  
Scheuer  
Schisler  
Schmidhauser  
Schneebell  
Schweiker  
Secrest  
Selden  
Senner  
Shipley  
Shriver  
Sickles  
Sikes



April 6, 1966

tend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MULTER. Mr. Speaker, the problem of safety on our highways is both insistent and immediate as deaths continue to mount.

The House Committee on Interstate and Foreign Commerce is now considering the National Traffic Safety Act, a bill that many of our colleagues and I introduced. This bill would establish a National Traffic Safety Agency in the Department of Commerce. Its purpose is to provide national leadership to reduce death, injury, and loss of property on our highways by intensive research into the problem and vigorous application of remedies.

The President discussed this problem in his March 2 message to the Congress proposing a Cabinet-level Department of Transportation. President Johnson urges, and my bill provides, that a National Traffic Safety Center be established, that grants be made to States to develop highway safety programs, and that safety standards be established for vehicles.

While my bill, H.R. 12905, differs in details, in the main it carries out the President's recommendations.

We must all agree that the time for action is now. We have been lethargic too long at the national level in attempting to solve this problem. Fifty thousand of our people will probably die on the highways this year. We must try to stop that.

I fully agree with the President that the people of America deserve an aggressive highway safety program. My bill does just that. If adopted, it will bring a new day for our highway travelers. For the first time we will be vigorously and effectively doing something for our millions of car-owning families.

#### CONSERVATION DISTRICT PROGRAMS COVER RURAL AND URBAN LAND

(Mr. RESNICK (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RESNICK. Mr. Speaker, the oldest and youngest soil and water conservation districts in New York are located in my congressional district.

The Schoharie District, organized in 1940, celebrated a quarter century of service last year. The Ulster District, organized 1965, will begin receiving technical assistance from the Soil Conservation Service this spring.

Both these districts and the other three in my congressional district, Columbia, Dutchess, and Greene, have an extremely important role to play in resource conservation.

When the Schoharie District was set up 25 years ago, its primary role was to help farmers control erosion and develop agricultural land. These early districts made an important contribution. And over the years the men who voluntarily govern them realized that the need for soil and water development was not limited to agricultural land.

As a result, today district programs stress an interest in all land whether farmed or not.

A considerable share of the workload of the Soil Conservation Service personnel assisting the districts was in water resource development even before the drought of the past few years. This included the development of water supplies for both livestock and recreation purposes.

A portion of the Catskill Mountain Range lies in my congressional district. This is some of the most beautiful country in the world. It is not highly valuable as agricultural land—but through proper planning and development of the resources there, it can become a great economic asset as a recreational area.

The Dutchess County Soil and Water Conservation District has already assisted the Herald Tribune Fresh Air Fund in planning and establishing two small lakes in the area for recreational use by New York City children.

The counties and towns in my congressional district are planning for the future as never before. Planning boards are demanding scientific interpretations of their soils for uses in zoning, construction, and agriculture matters.

This was one of the important reasons for forming the Ulster Soil Conservation District. The staff to be provided to it by the Soil Conservation Service this spring will include a soil scientist to begin mapping the soils, a soil conservationist to assist landowners and communities plan wisely, and a conservation technician to help them apply the necessary conservation measures.

I am proud of the efforts being made in New York's 28th Congressional District in planning and developing natural resources. The activities undertaken by soil conservation districts are of benefit to urban, suburban, and rural residents as well as to farmers and their families.

I salute the soil conservation districts and their leaders for the fine job they are doing.

#### JET TRAFFIC AT NATIONAL AIRPORT

(Mr. WELTNER (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WELTNER. Mr. Speaker, for many months now I have listened to cries of protest from those who have sought to shield Friendship Airport from potential jet traffic competition at National Airport.

The city of Atlanta has the fourth busiest airport in the Nation, with over 620 daily scheduled passenger and cargo flights, and 28 daily flights into Washington. Heretofore, all jet traffic has been required to land at Dulles or Friendship, each about 40 miles away. Now, finally, convenience has prevailed over protectionism, and Atlanta-boarded passengers will this month arrive by jet at National Airport, only a few miles away. Many of my constituents will now enjoy shorter flying time, and greatly increased convenience. As one frequent air traveler, I welcome this

change, and concur with Arven H. Saunders, director of the Bureau of National Capital Airports, that—

This new service will indeed bring Atlanta and the other great cities east of the Mississippi and the Nation's Capital much closer together in terms of travel time to the benefit of all.

Mr. William A. Askey, chairman of the Atlanta Chamber of Commerce Aviation Committee, has sponsored a resolution, adopted by that body, which well states the fact:

Atlanta realizes that this service will further facilitate air travel between the Nation's Capital and our own city, the capital of the Southeast.

Reason has at last prevailed.

#### ALFRED H. KIRCHHOFFER RETIRES AS EDITOR

(Mr. DULSKI (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DULSKI. Mr. Speaker, last Friday, the Buffalo Evening News in Buffalo, N.Y., announced the retirement of Alfred H. Kirchhofer as its editor. I brought this to the attention of my colleagues earlier this week.

On Saturday, April 2, the News paid tribute to its retiring editor in a very excellent editorial which speaks for itself. I wish to include this editorial at this point in the RECORD:

#### AN EDITOR'S "30"

The figure "30" is the mark every newspaperman puts at the end of his story to indicate there is no more to follow. Yesterday, a great editor wrote an official "30" to a long and brilliant career, and to a good deal more besides.

For the entire staff of the News, and scarcely less for the entire metropolitan community in which he has long been one of the prime movers, the retirement of Alfred H. Kirchhofer as the editor of this newspaper is in truth the end of an era. His retirement will be noted in newsrooms all over the Nation, for he has long been recognized throughout the profession as one of the top figures of American journalism.

For the News, happily, his retirement as editor is no final parting. He will continue, even more actively, as president of our sister institutions, stations WBEN and WBEN-TV. He will remain available for special consultation and his presence will continue to be very much felt as an active citizen of this city with which he has had a lifelong love affair—as his great impatience with all elements who did it wrong so often attested.

What will be missed most, with his departure from active daily command, is the unique stamp of his whole personality that he put on each day's editions—his mature perspective and savvy of the total news scene; his instant grasp of the heart of any matter; his restless surveillance over all agencies trusted with a public responsibility; his great talent for spotting the flaw in any half-baked argument or the hole in any half-reported story; his ceaseless campaigning for civic improvement and honest government; his towering sense of his newspaper's varied responsibilities to the entire community it serves; his sheer joy in the work of putting it together—and, far from least, his great sense of fairness toward all who worked for him and his deep human regard for all their personal problems.



But even with all this lost—and with it the daily outpouring of terse "blue note" memos that gushed from his desk and flowed impartially through all departments—it will be a long time yet before Mr. Kirchhofer's editorship of *The News* can be said to have ceased. Too many of those left have learned too much from him over too many years for *The News* not to continue to function in his shadow.

Nothing basic, that is, is expected to change. *The News* still operates under the same strong and dedicated single-family ownership. It still travels the same basic direction it did under the late Edward H. Butler's long editorship and continued under Mr. Kirchhofer's.

What will change, inevitably, are day-to-day judgments in handling the news and in appraising it and drawing editorial policy conclusions. Mr. Kirchhofer may still be looking over our shoulders now and then. But he will not be here calling the daily shots, and some of the shots that are called will doubtless make him wince or maybe even splutter. Those who call them, however, will be doing so on the basis of a long and valued tutelage under him, a world of respect and admiration for him.

*The News* today, as always, faces its future with pride in its past, and with confidence that this has pointed it in a sound direction. Where we go from here will be for future events and for fallible but conscientious editors—taking up the responsibility now put in their laps—to determine as best they can.

#### FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

(Mr. CRALEY (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CRALEY. Mr. Speaker, I am pleased to support the measure under consideration to grant to employees of the Federal Government an increase in the wages they earn.

President Johnson and Presidents before him remarked on numerous occasions about the difficulty encountered in attracting the best qualified and most capable individuals into the Federal service. If our Government and citizens are to be serviced by the highest type of civil servant, the civil service system must be able to compete by offering salaries and fringe benefits comparable to those offered by private industry.

This bill will, I believe, strengthen the Federal Government's position with respect to that situation.

Even more important, this measure will give to our hardworking and conscientious civil and postal service employees a deserving and much needed cost-of-living increase in their compensation to meet the ever-rising costs of food and other necessities of life. It is not as much as some have asked, and quite possibly deserve, but I do feel it is important to observe the guideposts established by President Johnson for industry and the Federal service in order to halt any trend toward or threat of an inflated economy. This has been a wise decision on the part of the President and I am pleased to give my support to it.

(Mr. HAWKINS (at the request of Mr. GONZALEZ) was granted permission to ex-

tend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. HAWKINS' remarks will appear hereafter in the Appendix.]

#### FEDERAL SALARY AND FRINGE BENEFITS ACT OF 1966

(Mr. GILBERT (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GILBERT. Mr. Speaker, I am supporting H.R. 14122, but I am doing so with a minimum of enthusiasm. The bill does not do the job it should for the Federal and postal workers who need economic help the most. It does not offer them true comparability with what workers in private industry are receiving today, but rather, what they were receiving 2 years ago.

However, those of us who want to see the postal and Federal employees get fair and equitable treatment, have no recourse but to support this bill and hope that we might make up the injustices in the near future.

Along with many other Members of the House, I introduced earlier this year a pay bill which would have given a 7-percent pay increase. I am convinced this is the minimum needed to achieve any semblance of economic comparability.

The bill is not altogether bad. It gives a 2.85-percent pay raise, effective July 1 of this year. It contains some good provisions which I had proposed in my bill. It provides some wholesome and desirable liberalization of retirement laws. It provides full retirement benefits to employees after 30 years of service at age 55, which I had proposed. It improves the Federal employee's health benefits program, and it offers an improved system of overtime compensation. I am pleased that the bill corrects some of the inequities relating to postal seniority adjustments, and that it also gives an increase in uniform allowances—both provisions which I had included in my bill.

These are positive gains and recommend themselves to our favorable attention. But, Mr. Speaker, we are going to want to make adjustments in the future—we are going to have to take a good look at the principle of comparability as we intended it and incorporated it in the Pay Reform Act of 1962, if we are to bring the salaries of Federal and postal employees in line with present-day pay levels of private industry.

In the meantime, Mr. Speaker, I support this legislation before us. But, as I have said, with a minimum of enthusiasm because it does not give a higher percentage of pay increase. We must accept this watered-down bill if we are going to extend any help to those who depend upon us for their economic welfare.

#### ARTS ENDOWMENT APPROPRIATION

(Mr. GILBERT (at the request of Mr. GONZALEZ) was granted permission to ex-

tend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GILBERT. Mr. Speaker, when we sat here a few months ago and listened to the annual state of the Union message, we heard our President say: "We must change to master change." None can deny that the world is changing. The Congress has recognized that change—in fact, by the appropriation over the years of billions by the Congress for scientific research and development, we have stimulated and accelerated change. Last year, recognizing the rapid changes for which it has, in part, been responsible, the Congress took steps to help us master that change when it created a National Foundation on the Arts and Humanities.

We decided that it was high time we recognized our true scholarly heritage, for this Nation was founded by scholars—humanistic scholars, if you will—men who appreciated knowledge and were not afraid of creativity, innovation, and original scholarship.

Having taken that step last year, we must implement it this year. I commend the committee for providing the arts endowment with almost all the funds it is authorized to receive. I am disappointed that the committee could not see fit to similarly endow the humanities. I understand its position. The Humanities Council was not named until last January. It was not sworn in, nor did it meet until 2 days after its spokesman appeared before the subcommittee. This is regrettable; however, I commend the committee for opening the door in the report for additions to be made in the other body. By now the Humanities Council has outlined a program. I support the appropriations for the arts and oppose any effort to make cuts beyond those made by the committee.

#### BILL TO PROVIDE INCREASE IN COST OF LIVING FOR DEPENDENT PARENTS AND CHILDREN OF VETERANS

(Mr. HANLEY (at the request of Mr. GONZALEZ) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I have today introduced a bill to provide a cost of living increase for dependent parents and children receiving dependency and indemnity compensation from the Veterans' Administration. This benefit is payable to parents and children of servicemen who have lost their lives in Vietnam, as well as parents and children of veterans of World War I, World War II, the Korean conflict, and peacetime service whose death was attributed to their military service.

My bill contains a provision to grant to dependent parents the same 10-percent exclusion previously granted recipients of non-service-connected pension benefits, thereby offsetting the recent increase a dependent parent may have received in social security or other retirement benefits. This is an important feature of the bill, inasmuch as the amount of the parent's dependency and indemnity com-









89<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 14122

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IN THE SENATE OF THE UNITED STATES

APRIL 13, 1966

Read twice and referred to the Committee on Post Office and Civil Service

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## AN ACT

To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Federal Salary and  
4       Fringe Benefits Act of 1966".

5                   TITLE I—EXECUTIVE BRANCH

6                   SHORT TITLE

7       SEC. 101. This title may be cited as the "Federal Em-  
8       ployees Salary Act of 1966".

1 EMPLOYEES SUBJECT TO CLASSIFICATION ACT OF 1949

2 SEC. 102. (a) Section 603 (b) of the Classification Act  
3 of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113 (b) ),  
4 is amended to read as follows:

5 “(b) The compensation schedule for the General  
6 Schedule shall be as follows:

“Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2.....	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3.....	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5.....	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6.....	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8.....	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9.....	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10.....	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11.....	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12.....	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14.....	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15.....	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16.....	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	.....
GS-17.....	22,760	23,520	24,280	25,040	25,800	.....	.....	.....	.....	.....
GS-18.....	25,890	.....	.....	.....	.....	.....	.....	.....	.....	”.

7 (b) Except as provided in section 504 (d) of the Federal  
8 Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C. 1173  
9 (d) ), the rates of basic compensation of officers and em-  
10 ployees to whom the compensation schedule set forth in sub-  
11 section (a) of this section applies shall be initially adjusted  
12 as of the effective date of this section, as follows:

13 (1) If the officer or employee is receiving basic  
14 compensation immediately prior to the effective date of  
15 this section at one of the rates of a grade in the General  
16 Schedule of the Classification Act of 1949, as amended,  
17 he shall receive a rate of basic compensation at the cor-  
18 responding rate in effect on and after such date.



1           (2) If the officer or employee is receiving basic  
2 compensation immediately prior to the effective date of  
3 this section at a rate between two rates of a grade in the  
4 General Schedule of the Classification Act of 1949, as  
5 amended, he shall receive a rate of basic compensation  
6 at the higher of the two corresponding rates in effect on  
7 and after such date.

8           (3) If the officer or employee is receiving basic  
9 compensation immediately prior to the effective date of  
10 this section at a rate in excess of the maximum rate for  
11 his grade, he shall receive (A) the maximum rate for  
12 his grade in the new schedule, or (B) his existing rate  
13 of basic compensation if such existing rate is higher.

14           (4) If the officer or employee, immediately prior  
15 to the effective date of this section, is receiving, pursuant  
16 to section 2 (b) (4) of the Federal Employees Salary  
17 Increase Act of 1955, an existing aggregate rate of com-  
18 pensation determined under section 208 (b) of the Act  
19 of September 1, 1954 (68 Stat. 1111), plus subsequent  
20 increases authorized by law, he shall receive an aggre-  
21 gate rate of compensation equal to the sum of his existing  
22 aggregate rate of compensation, on the day preceding the  
23 effective date of this section, plus the amount of increase  
24 made by this section in the maximum rate of his grade,

1       until (i) he leaves his position, or (ii) he is entitled to  
2       receive aggregate compensation at a higher rate by rea-  
3       son of the operation of this Act or any other provision  
4       of law; but, when such position becomes vacant, the  
5       aggregate rate of compensation of any subsequent ap-  
6       pointee thereto shall be fixed in accordance with appli-  
7       cable provisions of law. Subject to clauses (i) and (ii)  
8       of the immediately preceding sentence of this para-  
9       graph, the amount of the increase provided by this sec-  
10      tion shall be held and considered for the purposes of  
11      section 208 (b) of the Act of September 1, 1954, to  
12      constitute a part of the existing rate of compensation  
13      of the employee.

14      NEW APPOINTMENTS UNDER CLASSIFICATION ACT OF 1949

15      SEC. 103. Section 801 of the Classification Act of 1949,  
16      as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new  
17      appointments, is amended by striking out "grade 13" and  
18      inserting in lieu thereof "grade 11".

19                      POSTAL FIELD SERVICE EMPLOYEES

20      SEC. 104. (a) Section 3542 (a) of title 39, United  
21      States Code, is amended to read as follows:

22      “(a) There is established a basic compensation schedule  
23      for positions in the postal field service which shall be known  
24      as the Postal Field Service Schedule and for which the sym-  
25      bol shall be ‘PFS’. Except as provided in sections 3543 and



1 3544 of this title, basic compensation shall be paid to all  
2 employees in accordance with such schedule.

“POSTAL FIELD SERVICE SCHEDULE

“PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1-----	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2-----	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3-----	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4-----	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5-----	5,897	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6-----	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,143	8,346
7-----	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	-----
8-----	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203	-----	-----
9-----	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960	-----	-----
10-----	8,345	8,628	8,911	9,194	9,477	9,760	10,043	10,326	10,609	10,892	-----	-----
11-----	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056	-----	-----
12-----	10,202	10,549	10,896	11,243	11,590	11,937	12,284	12,631	12,978	13,325	-----	-----
13-----	11,274	11,663	12,052	12,441	12,830	13,219	13,608	13,997	14,386	14,775	-----	-----
14-----	12,427	12,859	13,291	13,723	14,155	14,587	15,019	15,451	15,883	16,315	-----	-----
15-----	13,736	14,210	14,684	15,158	15,632	16,106	16,580	17,054	17,528	18,002	-----	-----
16-----	15,179	15,707	16,235	16,763	17,291	17,819	18,347	18,875	19,403	19,931	-----	-----
17-----	16,798	17,380	17,967	18,554	19,141	19,728	20,315	20,902	21,489	22,076	-----	-----
18-----	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065	-----	-----
19-----	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320	-----	-----	-----	-----
20-----	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----	-----	-----”.

3 (b) Section 3543 (a) of title 39, United States Code,  
4 is amended to read as follows:

5 “(a) There is established a basic compensation schedule  
6 which shall be known as the Rural Carrier Schedule and for  
7 which the symbol shall be ‘RCS’. Compensation shall be  
8 paid to rural carriers in accordance with this schedule.

“RURAL CARRIER SCHEDULE

	“Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum-----	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route-----	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles-----	25	25	25	25	25	25	25	25	25	25	25	25”.

9 (c) Section 3544 (a) of title 39, United States Code,  
10 is amended to read as follows:

11 “(a) There is established a basic compensation sched-  
12 ule, which shall be known as the Fourth Class Office Schedule

1 and for which the symbol shall be 'FOS', for postmasters in  
 2 post offices of the fourth class, which is based on the revenue  
 3 units of the post office for the preceding fiscal year. Basic  
 4 compensation shall be paid to postmasters in post offices of  
 5 the fourth class in accordance with this schedule.

"FOURTH CLASS OFFICE SCHEDULE"

"Revenue units"	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36.....	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30.....	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24.....	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 18.....	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12.....	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6.....	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893".

6 (d) The basic compensation of each employee subject  
 7 to the Postal Field Service Schedule, the Rural Carrier  
 8 Schedule, or the Fourth Class Office Schedule immediately  
 9 prior to the effective date of this section shall be determined  
 10 as follows:

11 (1) Each employee shall be assigned to the same  
 12 numerical step for his position which he had attained  
 13 immediately prior to such effective date. If changes in  
 14 levels or steps would otherwise occur on such effective  
 15 date without regard to enactment of this Act, such  
 16 changes shall be deemed to have occurred prior to con-  
 17 version.

18 (2) If the existing basic compensation is greater  
 19 than the rate to which the employee is converted under



paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND  
SURGERY OF THE VETERANS' ADMINISTRATION

SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

**“§ 4107. Grades and pay scales**

“(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

**“SECTION 4103 SCHEDULE**

“Assistant Chief Medical Director, \$25,890.

“Medical Director, \$22,760 minimum to \$25,800 maximum.

“Director of Nursing Service, \$17,550 minimum to \$23,013 maximum.

1       “Director of Chaplain Service, \$17,550 minimum to  
2       \$23,013 maximum.

3       “Chief Pharmacist, \$17,550 minimum to \$23,013  
4       maximum.

5       “Chief Dietitian, \$17,550 minimum to \$23,013 maxi-  
6       mum.

7       “(b) (1) The grades and per annum full-pay ranges for  
8       positions provided in paragraph (1) of section 4104 of this  
9       title shall be as follows:

10               “PHYSICIAN AND DENTIST SCHEDULE

11       “Director grade, \$20,075 minimum to \$25,435 maxi-  
12       mum.

13       “Executive grade, \$18,730 minimum to \$24,355 maxi-  
14       mum.

15       “Chief grade, \$17,550 minimum to \$23,013 maximum.

16       “Senior grade, \$15,106 minimum to \$19,813 maximum.

17       “Intermediate grade, \$12,873 minimum to \$16,905  
18       maximum.

19       “Full grade, \$10,927 minimum to \$14,338 maximum.

20       “Associate grade, \$9,221 minimum to \$12,056 maxi-  
21       mum.

22               “NURSE SCHEDULE

23       “Assistant Director grade, \$15,106 minimum to \$19,813  
24       maximum.

25       “Chief grade, \$12,873 minimum to \$16,905 maximum.



1 “Senior grade, \$10,927 minimum to \$14,338 maximum.

2 “Intermediate grade, \$9,221 minimum to \$12,056  
3 maximum.

4 “Full grade, \$7,696 minimum to \$10,045 maximum.

5 “Associate grade, \$6,730 minimum to \$8,749 maximum.

6 “Junior grade, \$5,867 minimum to \$7,649 maximum.

7 “(2) No person may hold the director grade unless he  
8 is serving as a director of a hospital, domiciliary, center,  
9 or outpatient clinic (independent). No person may hold  
10 the executive grade unless he holds the position of chief of  
11 staff at a hospital, center, or outpatient clinic (independent),  
12 or the position of clinic director at an outpatient clinic, or  
13 comparable position.”

14 FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND  
15 EMPLOYEES

16 SEC. 106. (a) The fourth sentence of section 412 of the  
17 Foreign Service Act of 1946, as amended (22 U.S.C. 867),  
18 is amended to read as follows: “The per annum salaries of  
19 Foreign Service officers within each of the other classes shall  
20 be as follows:

“Class 1.....	\$23,935	\$24,770	\$25,890	-----	-----	-----	-----
Class 2.....	19,504	20,181	20,858	\$21,535	\$22,212	\$22,889	\$23,566
Class 3.....	15,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7.....	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729”.

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870 (a) ) is amended to read as follows: "The per annum salaries of such staff officers and employees within each class shall be as follows:

"Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216".

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act of 1946 shall receive basic compensation, on and after such effective date, at the rate of their class determined to be appropriate by the Secretary of State.

#### AGRICULTURAL STABILIZATION AND CONSERVATION

##### COUNTY COMMITTEE EMPLOYEES

SEC. 107. The rates of compensation of persons employed by the county committees established pursuant to section 8 (b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h (b) ) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 102 (a) of this title for corresponding rates of compensation.



1       SALARY RATES FIXED BY ADMINISTRATIVE ACTION

2       SEC. 108. (a) The rates of basic compensation of assist-  
3   ant United States attorneys whose basic salaries are fixed  
4   pursuant to section 508 of title 28, United States Code, shall  
5   be increased, effective on the effective date of section 102  
6   of this title, by amounts equal, as nearly as may be prac-  
7   ticable, to the increases provided by section 102 (a) of this  
8   title for corresponding rates of compensation.

9       (b) Notwithstanding section 3679 of the Revised  
10   Statutes, as amended (31 U.S.C. 665), the rates of com-  
11   pensation of officers and employees of the Federal Govern-  
12   ment and of the municipal government of the District of  
13   Columbia whose rates of compensation are fixed by adminis-  
14   trative action pursuant to law and are not otherwise increased  
15   by this Act are hereby authorized to be increased, effective  
16   on the effective date of section 102 of this title, by amounts  
17   not to exceed the increases provided by this title for cor-  
18   responding rates of compensation in the appropriate schedule  
19   or scale of pay.

20       (c) Nothing contained in this section shall be held or  
21   considered to authorize any increase in the rates of com-  
22   pensation of officers and employees whose rates of compen-  
23   sation are fixed and adjusted from time to time as nearly  
24   as is consistent with the public interest in accordance with  
25   prevailing rates or practices.

1 (d) Nothing contained in this section shall affect the  
2 authority contained in any law pursuant to which rates of  
3 compensation may be fixed by administrative action.

4 EFFECTIVE DATES

5 SEC. 109. This title shall become effective as follows:

6 (1) This section and sections 101, 103, and 108  
7 shall become effective on the date of enactment of this  
8 Act.

9 (2) Sections 102, 104, 105, 106, and 107 shall  
10 become effective on the first day of the first pay period  
11 which begins on or after July 1, 1966.

12 TITLE II—JUDICIAL BRANCH

13 SHORT TITLE

14 SEC. 201. This title may be cited as the “Federal Judi-  
15 cial Salary Act of 1966”.

16 JUDICIAL BRANCH EMPLOYEES

17 SEC. 202. (a) The rates of basic compensation of offi-  
18 cers and employees in or under the judicial branch of the  
19 Government whose rates of compensation are fixed by or  
20 pursuant to paragraph (2) of subdivision a of section 62 of  
21 the Bankruptcy Act (11 U.S.C. 102 (a) (2) ), section 3656  
22 of title 18, United States Code, the third sentence of section  
23 603, sections 671 to 675, inclusive, or section 604 (a) (5) ,  
24 of title 28, United States Code, insofar as the latter section  
25 applies to graded positions, are hereby increased by amounts



1 reflecting the respective applicable increases provided by sec-  
2 tion 102 (a) of title I of this Act in corresponding rates of  
3 compensation for officers and employees subject to the Classi-  
4 fication Act of 1949, as amended. The rates of basic com-  
5 pensation of officers and employees holding ungraded posi-  
6 tions and whose salaries are fixed pursuant to such section  
7 604 (a) (5) may be increased by the amounts reflecting the  
8 respective applicable increases provided by section 102 (a)  
9 of title I of this Act in corresponding rates of compensation  
10 for officers and employees subject to the Classification Act  
11 of 1949, as amended.

12 (b) The limitations provided by applicable law on  
13 the effective date of this section with respect to the aggregate  
14 salaries payable to secretaries and law clerks of circuit and  
15 district judges are hereby increased by amounts which re-  
16 flect the respective applicable increases provided by section  
17 102 (a) of title I of this Act in corresponding rates of com-  
18 pensation for officers and employees subject to the Classifica-  
19 tion Act of 1949, as amended.

20 (c) Section 753 (e) of title 28, United States Code (re-  
21 lating to the compensation of court reporters for district  
22 courts), is amended by striking out the existing salary limi-  
23 tation contained therein and inserting a new limitation  
24 which reflects the respective applicable increases provided by  
25 section 102 (a) of title I of this Act in corresponding rates

1 of compensation for officers and employees subject to the  
2 Classification Act of 1949, as amended.

3 EFFECTIVE DATES

4 SEC. 203. This title shall become effective as follows:

5 (1) This section and section 201 shall become  
6 effective on the date of enactment of this Act.

7 (2) Section 202 shall become effective on the first  
8 day of the first pay period which begins on or after  
9 July 1, 1966.

10 TITLE III—LEGISLATIVE BRANCH

11 SHORT TITLE

12 SEC. 301. This title may be cited as the “Federal Legis-  
13 lative Salary Act of 1966”.

14 LEGISLATIVE BRANCH EMPLOYEES

15 SEC. 302. (a) Except as otherwise provided in this title,  
16 each officer or employee in or under the legislative branch of  
17 the Government, whose rate of compensation is increased by  
18 section 5 of the Federal Employees Pay Act of 1946, shall  
19 be paid additional compensation at the rate of 2.9 per centum  
20 of his gross rate of compensation (basic compensation plus  
21 additional compensation authorized by law).

22 (b) The total annual compensation in effect immediately  
23 prior to the effective date of this section of each officer or  
24 employee of the House of Representatives, whose compensa-  
25 tion is disbursed by the Clerk of the House of Representatives



1 and is not increased by reason of any other provision of this  
2 section, shall be increased by 2.9 per centum. Notwithstand-  
3 ing section 303 of this title or any other provision of this  
4 section, the total annual compensation of the Clerk of the  
5 House of Representatives and the Sergeant at Arms of the  
6 House of Representatives, respectively, shall be an amount  
7 which is equal to the total annual compensation of the Secre-  
8 tary of the Senate and the Sergeant at Arms of the Senate,  
9 respectively.

10 (c) The rates of compensation of employees of the  
11 House of Representatives whose compensation is fixed by  
12 the House Employees Schedule under the House Employees  
13 Position Classification Act (78 Stat. 1079-1084; Public  
14 Law 88-652; 2 U.S.C. 291-303), including each employee  
15 subject to such Act whose compensation is fixed at a saved  
16 rate, are hereby increased by amounts equal, as nearly as  
17 may be practicable, to the increases provided by subsection  
18 (a) of this section.

19 (d) The additional compensation provided by this  
20 section shall be considered a part of basic compensation for  
21 the purposes of the Civil Service Retirement Act (5 U.S.C.  
22 2251 and following).

23 (e) This section shall not apply with respect to the  
24 compensation of student congressional interns authorized by  
25 House Resolution 416, Eighty-ninth Congress, and the com-

1   pensation of employees whose compensation is fixed by the  
2   House Wage Schedule under the House Employees Position  
3   Classification Act.

4                   SALARY INCREASE LIMITATION

5       SEC. 303. No rate of compensation shall be increased,  
6   by reason of the enactment of this title, to an amount in  
7   excess of the salary rate now or hereafter in effect for  
8   level V of the Federal Executive Salary Schedule.

9                   EFFECTIVE DATES

10       SEC. 304. This title shall become effective as follows:

11               (1) This section and section 301 shall become effec-  
12   tive on the date of enactment of this Act.

13               (2) Sections 302 and 303 shall become effective on  
14   the first day of the first pay period which begins on or  
15   after July 1, 1966.

16               TITLE IV—MISCELLANEOUS PROVISIONS

17   SALARY STEPS FOR CERTAIN EMPLOYEES TRANSFERRED TO  
18                   POSTAL FIELD SERVICE

19       SEC. 401. Section 3551 of title 39, United States Code,  
20   is amended by adding at the end thereof the following new  
21   subsection:

22               “(c) The Postmaster General may appoint or advance  
23   any Federal employee who, together with his function, is



1 transferred, prior to, on, or after the date of enactment of this  
2 subsection, to a post office or other postal installation at or  
3 to (1) the minimum rate for his position, or (2) any higher  
4 rate for his position which is less than one full step above the  
5 highest rate of compensation received by him immediately  
6 prior to such transfer.”.

7 POSTAL SENIORITY ADJUSTMENTS

8 SEC. 402. Section 3552 (d) of title 39, United States  
9 Code, is amended to read as follows:

10 “(d) Notwithstanding any other provision of this sec-  
11 tion, the Postmaster General shall advance any employee in  
12 the postal field service who—

13 “(1) was promoted to a higher level between July  
14 9, 1960, and October 13, 1962; and

15 “(2) is senior with respect to total postal service  
16 to an employee in the same post office promoted to the  
17 same level on or after October 13, 1962, and is in a  
18 step in the same level below the step of the junior  
19 employee.

20 Such advancement by the Postmaster General shall be to the  
21 highest step which is held by any such junior employee.  
22 Any increase under the provisions of this subsection shall not

1 constitute an equivalent increase and credit earned prior to  
2 adjustment under this subsection for advancement to the  
3 next step shall be retained.”.

#### 4 SPECIAL DELIVERY MESSENGERS

5 SEC. 403. Section 3542 (c) of title 39, United States  
6 Code, is amended—

7 (1) by striking out “7 cents per mile or major  
8 fraction thereof” and inserting in lieu thereof “10 cents  
9 per mile or major fraction thereof”; and

10 (2) by striking out “90 cents per hour” and insert-  
11 ing in lieu thereof “\$1.25 per hour”.

#### 12 OVERTIME

13 SEC. 404. (a) Section 201 of the Federal Employees  
14 Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

15 (1) by inserting “or in excess of eight hours in a  
16 day” immediately following “in excess of forty hours  
17 in any administrative workweek”; and

18 (2) by striking out “grade GS-9”, wherever occur-  
19 ring therein, and inserting in lieu thereof “grade  
20 GS-10”.

21 (b) Section 202 of such Act, as amended (5 U.S.C.  
22 912), is amended by striking out “grade GS-9” and insert-  
23 ing in lieu thereof “grade GS-10”.

24 (c) Subsections (b) and (c) of section 3573 of title 39,



1 United States Code, are amended by striking out “level  
2 PFS-7” and “level PFS-8”, wherever appearing therein,  
3 and inserting in lieu thereof “level PFS-10” and “level  
4 PFS-11”, respectively.

5 (d) Subsection (a) of section 3575 of title 39, United  
6 States Code, is amended to read as follows:

7 “(a) Sections 3571, 3573, and 3574 of this title do not  
8 apply to postmasters, rural carriers, and postal inspectors.”

9 SUNDAY PREMIUM PAY

10 SEC. 405. (a) The heading of title III of the Federal  
11 Employees Pay Act of 1945, as amended, is amended to  
12 read as follows:

13 “TITLE III—COMPENSATION FOR NIGHT,  
14 SUNDAY, AND HOLIDAY WORK”

15 (b) Section 302 of such Act, as amended (5 U.S.C.  
16 922), is redesignated as section 303 of such Act.

17 (c) Title III of such Act, as amended (5 U.S.C. 921  
18 and following), is amended by inserting immediately follow-  
19 ing section 301 thereof the following:

20 “COMPENSATION FOR SUNDAY WORK

21 “SEC. 302. All work not exceeding eight hours which  
22 is not overtime work as defined in section 201 of this Act  
23 and which is performed within the period commencing at

1 midnight Saturday and ending at midnight Sunday shall be  
2 compensated at the rate of basic compensation of the officer  
3 or employee performing such work on Sunday plus premium  
4 compensation at a rate equal to 25 per centum of his rate  
5 of basic compensation.”

6 (d) Section 401 (1) of such Act, as amended (5  
7 U.S.C. 926 (1) ), is amended by inserting “, Sunday,” im-  
8 mediately following the word “night”.

9 (e) Section 401 (2) of such Act, as amended (5 U.S.C.  
10 926 (2) ), is amended by inserting “, on Sundays,” imme-  
11 diately following the words “duty at night”.

12 (f) The first paragraph of section 23 of the Independent  
13 Offices Appropriation Act, 1935, as amended (5 U.S.C.  
14 673c) , is amended by inserting immediately before the period  
15 at the end thereof the following: “: *Provided further*, That  
16 employees subject to this section whose regular work sched-  
17 ule includes an eight-hour period of service any part of which  
18 is within the period commencing at midnight Saturday and  
19 ending at midnight Sunday shall be paid extra compensation  
20 at the rate of 25 per centum of his hourly rate of basic com-  
21 pensation for each hour of work performed during such  
22 eight-hour period of service”.



1 HEALTH AND INSURANCE COVERAGE FOR CERTAIN EM-  
2 PLOYEES ON LEAVE WITHOUT PAY

3 SEC. 406. (a) Section 6 of the Federal Employees'  
4 Group Life Insurance Act of 1954, as amended (5 U.S.C.  
5 2095), is amended by adding at the end thereof the follow-  
6 ing new subsection:

7 “(d) Notwithstanding the foregoing, an officer or em-  
8 ployee who enters on approved leave without pay to serve  
9 as a full-time officer or employee of an organization composed  
10 primarily of employees, as defined in section 2 of this Act,  
11 may, within sixty days after entering on such leave without  
12 pay, elect to continue his insurance and arrange to pay cur-  
13 rently into the fund, through his employing agency, both  
14 employee and agency contributions. If he does not so elect,  
15 his insurance will continue during nonpay status and termi-  
16 nate as provided in subsection (a) of this section. The  
17 employing agency shall forward the premium payments to  
18 the fund established by section 5 of this Act.”

19 (b) Section 7(b) of the Federal Employees Health  
20 Benefits Act of 1959, as amended (5 U.S.C. 3006 (b) ), is  
21 amended—

1           (1) by inserting “(1)” immediately following  
2           “(b)”; and

3           (2) by adding at the end thereof the following new  
4           paragraph:

5           “(2) An employee who enters on approved leave with-  
6           out pay to serve as a full-time officer or employee of an or-  
7           ganization composed primarily of employees, as defined in  
8           section 2 of this Act, may, within sixty days after entering  
9           on such leave without pay, file with his employing agency  
10          an election to continue his health benefits coverage and  
11          arrange to pay currently into the fund, through his em-  
12          ploying agency, both employee and agency contributions.  
13          If he does not so elect, his coverage will terminate as spec-  
14          ified in paragraph (1) and implementing regulations. The  
15          employing agency shall forward the enrollment charges so  
16          paid to the fund.”

17          (c) An officer or employee who is on approved leave  
18          without pay and serving as a full-time officer or employee  
19          of an organization composed primarily of employees, as de-  
20          fined in section 2 of the Federal Employees’ Group Life In-  
21          surance Act of 1954, as amended (5 U.S.C. 2091), or sec-  
22          tion 2 of the Federal Employees Health Benefits Act of  
23          1959, as amended (5 U.S.C. 3001), as the case may be,  
24          may, within sixty days after the date of enactment of this  
25          Act, file with his employing agency an election to continue



1 any insurance, or health benefits coverage, or both, that he  
2 has on the date of enactment of this Act, and arrange  
3 to pay currently into the employees' life insurance fund  
4 and the employees' health benefits fund, as appropriate,  
5 both employee and agency contributions. The employ-  
6 ing agency shall forward such payments to the em-  
7 ployees' life insurance fund and the employees' health bene-  
8 fits fund, as appropriate. If he does not so elect, any life  
9 insurance and health benefits coverage will continue and  
10 terminate as for other employees in nonpay status.

11 (d) The United States Civil Service Commission is  
12 authorized to issue regulations to carry out the purposes of  
13 this section and the amendments made by this section.

14 INCREASE IN UNIFORM ALLOWANCES

15 SEC. 407. The Federal Employees Uniform Allowance  
16 Act, as amended (5 U.S.C. 2131-2133), is amended by  
17 adding at the end thereof the following new section:

18 "SEC. 405. Notwithstanding any other provision of this  
19 title, each of the respective maximum uniform allowances in  
20 effect on April 1, 1966, for the respective categories of em-  
21 ployees to whom uniform allowances are paid under this  
22 title are hereby increased, subject to the maximum allow-  
23 ance authorized by this title, as follows:

24 "(1) If the maximum uniform allowance is \$100

1 or more, such allowance shall be increased by 25 per  
2 centum.

3 “(2) If the maximum uniform allowance is \$75 or  
4 more but less than \$100, such allowance shall be in-  
5 creased by 30 per centum.

6 “(3) If the maximum uniform allowance is \$50 or  
7 more but less than \$75, such allowance shall be increased  
8 by 35 per centum.

9 “(4) If the maximum uniform allowance is less  
10 than \$50, such allowance shall be increased by 40 per  
11 centum.

12 Such maximum uniform allowances, as in effect on April 1,  
13 1966, and as increased by this section, shall not be reduced.”.

#### 14 EFFECTIVE DATES

15 SEC. 408. This title shall become effective as follows:

16 (1) This section and sections 401, 402, 406, and  
17 407 shall become effective on the date of enactment of  
18 this Act.

19 (2) Sections 403, 404, and 405 shall become ef-  
20 fective on the first day of the first pay period which  
21 begins on or after July 1, 1966.

#### 22 TITLE V—CIVIL SERVICE RETIREMENT

##### 23 SHORT TITLE

24 SEC. 501. This title may be cited as the “Civil Service  
25 Retirement Act Amendments of 1966”.



## DEFINITIONS

2 SEC. 502. Section 1 (j) of the Civil Service Retirement  
3 Act (5 U.S.C. 2251 (j) ) is amended to read as  
4 follows:

5       “(j) The term ‘child’, for purposes of section 10(d),  
6 shall mean an unmarried child, including (1) an adopted  
7 child, and (2) a stepchild or recognized natural child who  
8 lived with the employee or Member in a regular parent-child  
9 relationship, under the age of eighteen years, or such un-  
10 married child regardless of age who because of physical or  
11 mental disability incurred before age eighteen is incapable  
12 of self-support, or such unmarried child between eighteen  
13 and twenty-two years of age who is a student regularly pur-  
14 suing a full-time course of study or training in residence in a  
15 high school, trade school, technical or vocational institute,  
16 junior college, college, university, or comparable recognized  
17 educational institution. A child who is a student shall not be  
18 deemed to have ceased to be a student during any interim  
19 between school years, semesters, or terms if the interim, or  
20 other period of nonattendance, does not exceed four calendar  
21 months and if he shows to the satisfaction of the Commission  
22 that he has a bona fide intention of continuing to pursue such  
23 course during the school year, semester, or term immediately  
24 following the interim. The term ‘child’, for purposes of sec-

1 tion 11, shall include an adopted child and a natural child,  
2 but shall not include a stepchild.”

3 RETIREMENT COVERAGE FOR CERTAIN EMPLOYEES ON  
4 LEAVE WITHOUT PAY

5 SEC. 503. Section 3 of the Civil Service Retirement  
6 Act (5 U.S.C. 2253) is amended by adding at the end  
7 thereof the following new subsection:

8 “(k) (1) An employee who enters on approved leave  
9 without pay to serve as a full-time officer or employee of an  
10 organization composed primarily of employees, as defined in  
11 section 1 (a) of this Act, may, within sixty days after enter-  
12 ing on such leave without pay, file with his employing  
13 agency an election to receive full retirement credit for his  
14 periods of such leave without pay and arrange to pay cur-  
15 rently into the fund, through his employing agency, amounts  
16 equal to the retirement deductions which would be applicable  
17 if he were in pay status. An employee who is on approved  
18 leave without pay and serving as a full-time officer or em-  
19 ployee of such an organization on the date of enactment of  
20 this subsection may similarly elect within sixty days after  
21 such date of enactment. If the election provided by this  
22 paragraph is not made, the employee shall receive credit  
23 for such periods of leave without pay as provided in the sec-  
24 ond sentence of section 3 (c) of this Act.

25 “(2) An employee may deposit with interest an amount



1 equal to retirement deductions representing periods of ap-  
2 proved leave without pay while serving, prior to the date  
3 of enactment of this subsection, as a full-time officer or  
4 employee of an organization composed primarily of em-  
5 ployees, as defined in section 1 (a) of this Act, and may  
6 receive full retirement credit for such periods of leave with-  
7 out pay. In the event of his death, a survivor as defined in  
8 section 1 (o) of this Act may make such deposit. If the  
9 deposit described in this paragraph is not made, retirement  
10 credit shall be allowed in accordance with the second sen-  
11 tence of section 3 (c) of this Act.”

#### 12 IMMEDIATE RETIREMENT

13 SEC. 504. (a) Section 6 (a) of the Civil Service Retire-  
14 ment Act (5 U.S.C. 2256 (a)) is amended to read as  
15 follows:

16 “(a) Any employee who attains the age of fifty-five  
17 years and completes thirty years of service shall, upon sep-  
18 aration from the service, be paid an annuity computed as  
19 provided in section 9.”

20 (b) Section 6 (b) of such Act (5 U.S.C. 2256 (b)) is  
21 amended to read as follows:

22 “(b) Any employee who attains the age of sixty years  
23 and completes twenty years of service shall, upon separation  
24 from the service, be paid an annuity computed as provided  
25 in section 9.”

1       (c) Section 6 (f) of such Act (5 U.S.C. 2256 (f) ) is  
2 amended—

3           (1) by inserting in the third sentence thereof im-  
4 mediately following the words “Any Member” the  
5 words “or former Member”; and

6           (2) by adding immediately following the third sen-  
7 tence thereof the following new sentence: “For the pur-  
8 poses of the immediately preceding sentence, service in  
9 an office or position in the executive branch of the Gov-  
10 ernment of the United States, including each corpora-  
11 tion owned or controlled by such Government, which  
12 terminates after March 31, 1966, shall be held and con-  
13 sidered to be Member service.”.

14                                   ANNUITY COMPUTATION

15       SEC. 505. (a) Section 9 (c) of the Civil Service Retire-  
16 ment Act (5 U.S.C. 2259 (c) ) is amended by striking out  
17 in the second sentence thereof the words “from the service”  
18 and inserting in lieu thereof “or, if he elects to have his  
19 annuity computed or recomputed pursuant to section 13 (c)  
20 of this Act following service in an appointive position which  
21 terminates after March 31, 1966, the basic salary he is re-  
22 ceiving at the time of separation from such appointive posi-  
23 tion, whichever is the greater”.



1 (b) Section 9 (d) of such Act (5 U.S.C. 2259 (d) ) is  
2 amended to read as follows:

3 “(d) The annuity as hereinbefore provided, for an em-  
4 ployee retiring under section 6 (d) , shall be reduced by one-  
5 sixth of 1 per centum for each full month such employee is  
6 under the age of fifty-five years at date of separation. The  
7 annuity as hereinbefore provided, for a Member retiring  
8 under the second or third sentence of section 6 (f) or the  
9 third sentence of section 8 (b) , shall be reduced by one-  
10 twelfth of 1 per centum for each full month not in excess of  
11 sixty, and one-sixth of 1 per centum for each full month in  
12 excess of sixty, such Member is under the age of sixty years  
13 at date of separation.”

14 **SURVIVOR ANNUITIES**

15 SEC. 506. (a) Section 10 (a) (2) of the Civil Service  
16 Retirement Act (5 U.S.C. 2260 (a) (2) ) is amended to read  
17 as follows:

18 “(2) An annuity computed under this subsection shall  
19 commence on the day after the retired employee dies, and  
20 such annuity or any right thereto shall terminate on the last  
21 day of the month before (A) in the case of the survivor of  
22 a retired employee, the survivor’s remarriage prior to attain-

1 ing age sixty, or death or (B) in the case of the survivor of  
2 a Member, the survivor's death or remarriage."

3 (b) The last sentence of section 10 (c) of such Act (5  
4 U.S.C. 2260 (c) ) is amended to read as follows: "The an-  
5 nuity of such widow or dependent widower shall commence  
6 on the day after the employee or Member dies, and an  
7 annuity under this subsection or any right thereto shall  
8 terminate on the last day of the month before (1) the death  
9 of the widow or widower, (2) remarriage of the widow or  
10 widower of an employee prior to attaining age sixty, (3) re-  
11 marriage of the widow or widower of a Member regardless  
12 of age, or (4) the widower's becoming capable of self-  
13 support."

14 (c) Section 10 (d) of such Act (5 U.S.C. 2260 (d) )  
15 is amended to read as follows:

16 "(d) If an employee or a Member dies after complet-  
17 ing at least five years of civilian service, or an employee or a  
18 Member dies after having retired under any provision of this  
19 Act, and is survived by a wife or by a husband, each sur-  
20 viving child shall be paid an annuity equal to the smallest  
21 of (1) 40 per centum of the employee's or Member's aver-  
22 age salary divided by the number of children, (2) \$600, or  
23 (3) \$1,800 divided by the number of children, subject to  
24 the provisions of section 18. If such employee or Member  
25 is not survived by a wife or husband, each surviving child



1 shall be paid an annuity equal to the smallest of (1) 50 per  
2 centum of the employee's or Member's average salary  
3 divided by the number of children, (2) \$720, or (3) \$2,160  
4 divided by the number of children, subject to the provisions  
5 of section 18. The child's annuity shall commence on the  
6 day after the employee or Member dies or the first day of  
7 the month in which the child later becomes or again becomes  
8 a student as described in section 1 (j), provided the lump-  
9 sum credit, if paid, is returned to the fund. Such annuity  
10 granted under this Act or under the Act of May 29, 1930,  
11 as amended from and after February 28, 1948, or any right  
12 thereto shall terminate on the last day of the month before  
13 (1) the child's attaining age eighteen unless he is then a  
14 student as described or incapable of self-support, (2) his  
15 becoming capable of self-support after attaining age eighteen  
16 unless he is then such a student, (3) his attaining age  
17 twenty-two if he is then such a student and not incapable  
18 of self-support, (4) his ceasing to be such a student after  
19 attaining age eighteen unless he is then incapable of self-  
20 support, (5) his marriage, or (6) his death, whichever first  
21 occurs. Upon the death of the surviving wife or husband  
22 or termination of the child's annuity, the annuity of any  
23 other child or children shall be recomputed and paid as  
24 though such wife, husband, or child had not survived the  
25 employee or Member."

1 (d) Section 10 of such Act (5 U.S.C. 2260) is amended  
2 by adding at the end thereof the following subsection:

3 “(f) In the case of a surviving spouse whose annuity  
4 under this section is hereafter terminated because of remar-  
5 riage before attaining age sixty, annuity at the same rate  
6 shall be restored commencing on the day such remarriage  
7 is dissolved by death, annulment, or divorce: *Provided*, That  
8 (1) said surviving spouse elects to receive such annuity  
9 in lieu of any survivor benefit to which he or she may be  
10 entitled, under this or any other retirement system established  
11 for employees of the Government, by reason of the remarriage  
12 and (2) any lump sum paid upon termination of the annuity  
13 is returned to the fund.”

14 RECOMPUTATION OF CERTAIN ANNUITIES

15 SEC. 507. Effective July 1, 1966, the annuity of—

16 (1) each retired employee who retired under the  
17 Civil Service Retirement Act on or after April 1, 1948,  
18 and prior to October 11, 1962, and who elected a re-  
19 duction in his or her annuity in order to provide a sur-  
20 vivor annuity for his or her spouse,

21 (2) each survivor designated by an individual who  
22 retired under such Act as described in subparagraph  
23 (1) of this section, and

24 (3) each surviving spouse whose entitlement to  
25 annuity under such Act resulted from the death of an



1       employee on or after February 29, 1948, and prior to  
2       October 11, 1962,  
3       shall be recomputed and paid as if the formula enacted by  
4       section 1103 of the Postal Service and Federal Employees  
5       Salary Act of 1962 (76 Stat. 870; Public Law 87-793) had  
6       been in effect on the date of such retirement or death. No  
7       decrease shall be made, by reason of the enactment of this  
8       section, in the annuity received by any person immediately  
9       prior to July 1, 1966, or the annuity which any person may  
10      be entitled to receive immediately prior to such date. The  
11      annuity of a child shall not be affected by reason of the  
12      enactment of this section. No annuity shall be paid, by rea-  
13      son of the enactment of this section, for any period prior to  
14      the date of such enactment.

15                               EFFECTIVE DATES

16       SEC. 508. (a) Except as otherwise provided, this sec-  
17      tion, section 507, section 509, and subsections 1 (j), 3 (k),  
18      6 (a), 6 (b), 6 (f), 9 (c), 9 (d), 10 (a) (2), 10 (c), 10 (d),  
19      and 10 (f) of the Civil Service Retirement Act, as enacted  
20      or amended by this title, shall become effective on the date  
21      of enactment of this Act.

22       (b) The amendments made by this title, except the  
23      amendment to section 1 (j) of the Civil Service Retirement  
24      Act, shall not apply in the cases of persons retired or other-  
25      wise separated prior to these respective effective dates, and

1 the rights of such persons and their survivors shall continue  
2 in the same manner and to the same extent as if this title  
3 had not been enacted.

4 (c) The amendment made by this title to section 1 (j)  
5 of the Civil Service Retirement Act shall become effective  
6 with respect to the children of persons retired or otherwise  
7 separated prior to, on, or after the date of enactment of this  
8 Act, except that no annuity shall be paid by reason of this  
9 amendment for any period prior to the date of its enactment.

10 MISCELLANEOUS

11 SEC. 509. The provisions under the heading "CIVIL  
12 SERVICE RETIREMENT AND DISABILITY FUND" in title I  
13 of the Independent Offices Appropriation Act, 1959 (72  
14 Stat. 1064; Public Law 85-844), shall not apply with  
15 respect to benefits resulting from the enactment of this Act.

16 TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS  
17 GOVERNMENT CONTRIBUTIONS

18 SEC. 601. Subsection (a) of section 7 of the Federal  
19 Employees Health Benefits Act of 1959, as amended (73  
20 Stat. 713; 5 U.S.C. 3006 (a)), is amended to read as  
21 follows:

22 " (a) (1) Except as provided in paragraph (2) of this  
23 subsection, the biweekly Government contribution for health  
24 benefits for employees or annuitants enrolled in health bene-  
25 fits plans under this Act, in addition to the contributions re-



1 quired by paragraph (3), shall be \$1.62 if the enrollment  
2 is for self alone or \$3.94 if the enrollment is for self and  
3 family, commencing with the first pay period beginning on  
4 or after July 1, 1966.

5 “(2) For an employee or annuitant enrolled in a plan  
6 for which the biweekly subscription charge is less than twice  
7 the Government contribution established under paragraph  
8 (1) of this subsection, the Government contribution shall  
9 be 50 per centum of the subscription charge, commencing  
10 with the first pay period beginning on or after July 1, 1966.”

Passed the House of Representatives April 6, 1966.

Attest:

RALPH R. ROBERTS,

*Clerk.*

89<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

H. R. 14122

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## AN ACT

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To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

---

APRIL 13, 1966

Read twice and referred to the Committee on Post  
Office and Civil Service









# **DIGEST** of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

Issued May 24, 1966  
For actions of May 23, 1966  
89th-2nd; No. 84

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Flood protection.....24	Pay.....13	Wheat agreement.....2

HIGHLIGHTS: Senate concurred in House participation sales bill. Senate received protocol to extend international wheat agreement. Senate committee voted to report Federal pay bill.

### SENATE

1. PARTICIPATION SALES. By a 50-20 vote, concurred in the House version of S. 3283, the participation sales bill. This bill will now be sent to the President. The bill is designed to provide an efficient and orderly method of liquidating financial assets held by Federal credit agencies and to carry forward the objective of substituting private for public credit in funding the loan programs. It would accomplish this by enabling these agencies, with the approval of Congress, to enter into trust agreements with the Federal National Mortgage Association whereby that Association would sell participation certificates based on a pool or pools of Federal credit agency loans. pp. 10653-60

2. WHEAT AGREEMENT. Received from the President a protocol for extension of the International Wheat Agreement for 1 year from July 31, 1966. pp. 10616-7
3. TOBACCO. Sen. Moss criticized the USDA film, "The World of Pleasure," and said warning labels are needed on cigarettes for export. p. 10628
4. SCHOOL MILK. Sen. Proxmire said this Department admits that the child nutrition bill would not reach a majority of needy children with free milk. pp. 10628-9
5. SOIL SURVEYS. Passed as reported S. 902, to require this Department to make available soil surveys needed by States and other public agencies, including community development districts, for guidance in community planning and resource development. pp. 10631-3
6. LAND EXCHANGES. Passed without amendment S. 2264, to authorize this Department to complete authorized land exchanges if the lands offered to the U. S. are worth at least two-thirds of the value of the Federal lands and the balance is paid in cash or a cash deposit or performance bond is given assuring conveyance to the U. S. of additional acceptable lands for the balance of the value. pp. 10633-4
7. FOREST RECREATION. Passed without amendment H. R. 10366, to establish the Mount Rogers National Recreation Area, Jefferson National Forest, Va. This bill will now be sent to the President. p. 10634
8. FARM PRICES. Sen. Symington said food prices have been going up while farm prices have been going down and that the National Commission on Food Marketing is considering this situation. pp. 10643-4
9. FOREIGN AID. Sen. Lausche commended India for permitting a fertilizer company to make an investment there. pp. 10645-6
10. WATER RESOURCES. Sen. Anderson inserted and commended an address by Sen. Jackson, "Water and the Nation." pp. 10649-50
11. APPROPRIATIONS. Passed as reported H. R. 14266, the Treasury, Post Office, and Executive Office appropriation bill. Senate conferees were appointed. pp. 10660-3
12. POPULATION. Sen. Gruening commended Federal assistance in connection with population control. pp. 10663-7
13. PERSONNEL; PAY. The Post Office and Civil Service Committee voted to report (but did not actually report) with amendments H. R. 14122, the Federal pay bill. As approved by the Senate committee, the bill provides as follows:
  - "(1) Provides a 2.9-percent increase across the board, effective July 1, 1966;
  - "(2) Retains the House-passed one-step increase in the Government's contribution to high-option health insurance by 10 percent;
  - "(3) Retains the provision for retirement on a full annuity at age 55 after 30 years of service, or at age 60 after 20 years' service;
  - "(4) Liberalizes survivor annuity benefits for future widows of Federal employees and children of deceased Federal employees;
  - "(5) Provides a 10-percent increase in the annuities of widows or future widows of Federal employees who died or retired prior to October 11, 1962. This provision was adopted in lieu of the House provision for recomputation of



annuities;

"(6) Extends health insurance coverage to children up to 22 years of age. The present maximum age is 21;

"(7) Liberalizes overtime pay law for classified and postal supervisory employees;

"(8) Provides Sunday premium pay at 25 percent for classified and wage board employees;

"(9) Increases uniform allowances for Federal employees by an average of 25 percent."

#### HOUSE

14. SOYBEANS. Rep. Smith, Iowa, expressed the belief that "it is in the national interest both to have an increased acreage of soybeans and to protect the producers of these soybeans against an inadequate return for producing the extra soybeans." pp. 10594-6
15. FOREIGN TRADE. Rep. Cameron criticized the Findley amendment to the agricultural appropriation bill which "would prohibit the sale of U. S. surplus agricultural commodities under the food-for-peace program to nations which sold or transported goods to North Vietnam" calling it a "pointless proviso." pp. 10597-9
16. ECONOMY. Rep. Patman commended and inserted excerpts from W. E. Turner's book, "Stable Money: A Conservative Answer to Business Cycles." pp. 10599-600  
Rep. Derwinski inserted replies he received from his constituents on a cost-of-living inquiry indicating that "the public is properly upset at the wage and price confusion." p. 10604
17. FARM POLICIES. Rep. Langen claimed administration actions "are depressing farm prices" and commended and listed numerous Representatives who have introduced legislation "to protect U. S. agriculture from the administration's unjust and inequitable economic discrimination." p. 10608

#### ITEMS IN APPENDIX

18. LABELING. Extension of remarks of Rep. Love urging enactment of truth in packaging and labeling legislation. p. A2737
19. SMALL BUSINESS. Rep. Evins, Tenn., inserted a press release announcing the reopening of the Small Business Administration's business loan program. p. A2739  
Extension of remarks of Rep. Evins praising the nomination of Bernard L. Boutin as Administrator of the Small Business Admin. p. A2745
20. ELECTRIFICATION. Rep. Callan inserted several prize winning essays on the purpose and accomplishments of rural electrification in Nebraska. pp. A2742-4
21. PARTICIPATION SALES. Speech in the House by Rep. Love in support of the participation sales bill. pp. A2744-5
22. FARM PROGRAM. Speech in the House by Rep. Bandstra commending the administration's farm program with suggested changes. pp. A2745-6

23. FOREIGN AID. Extension of remarks of Rep. Fraser favoring long-term authorization for the foreign aid program and inserting an article, "A Better Basis for Foreign Aid." pp. A2746-7
24. FLOOD PROTECTION. Rep. Boggs inserted his address reviewing the work of Congress and other agencies in hurricane protection and flood protection programs. pp. A2749-51
25. INFORMATION. Rep. Quillen inserted two articles supporting the freedom-of-information bill. p. A2751

#### BILLS INTRODUCED

26. TRANSPORTATION. S. 3391 by Sen. Magnuson, to amend the Shipping Act, 1916, as amended, to authorize exemption from the provisions of the Act; to Commerce Committee. Remarks of author p. 10618
27. RECREATION. H. R. 15193 by Rep. Saylor, to provide additional authority to the Secretary of the Interior for land acquisition in the Delaware Water Gap National Recreation Area; to Interior and Insular Affairs Committee. Remark of author pp. 10607-8
28. ELECTRIFICATION. H. R. 15194 by Rep. Saylor, to authorize the Secretary of the Interior to make disposition of geothermal steam and associated geothermal resources; to Interior and Insular Affairs Committee.

#### PRINTED HEARINGS RECEIVED BY THIS OFFICE

29. APPROPRIATIONS. Department of Defense, Part 3; (Operation and Maintenance). H. Appropriations Committee.  
Departments of Labor and Health, Education, and Welfare for 1967. Part 5. H. Appropriations Committee.  
H. R. 14266, Treasury, P. O. and Executive Office appropriations for 1967. S. Appropriations Committee.  
Public Works appropriations for 1967, Part 1. H. Appropriations Committee.
30. COMMODITY EXCHANGES. H. R. 11788, to amend the Commodity Exchange Act. H. Agriculture Committee.
31. FISHERIES. S. J. Res. 29, survey of fishery resources. S. Commerce Committee.
32. PERSONNEL. H. R. 10294, reduce standby status of firefighting personnel in U. S. Government. H. Post Office and Civil Service Committee.
33. MILITARY CONSTRUCTION. S. 3105, military construction authorization, fiscal year 1967. S. Armed Services Committee.
34. POVERTY. 1966 amendments to the Economic Opportunity Act of 1964, Part 2. H. Education and Labor Committee.
35. ATTORNEYS. S. 1522, limitation of attorney's fees for services rendered in proceedings before U. S. agencies. S. Judiciary Committee.



Treaty of Amity and Economic Relations between U.S. and the Togolese Republic, signed at Lomé, on February 8, 1966 (Ex. E, 89th Cong., 2d sess.); and

Protocol for further extension of International Wheat Agreement, 1962, open for signature in Washington April 4-29, 1966 (Ex. F, 89th Cong., 2d sess.).

Pages 10616-10617

**Confirmations:** Numerous nominations in the Army and Air Force were confirmed.

Page 10684

**Nominations:** Senate received one judicial and numerous Public Health Service and Navy nominations.

Pages 10683-10684

**Record Vote:** One record vote was taken today.

Page 10660

**Program for Tuesday:** Senate met at noon and adjourned at 3:09 p.m. until noon Tuesday, May 24, when it will consider H.R. 14324, NASA authorizations for fiscal year 1967.

Page 10683

## Committee Meetings

(Committees not listed did not meet)

### APPROPRIATIONS—INDEPENDENT OFFICES

**Committee on Appropriations:** Subcommittee resumed its hearings on H.R. 14921, fiscal 1967 appropriations for independent offices, receiving testimony in behalf of funds for their respective agencies from William J. Driver, Administrator, Veterans' Administration; and Rosel H. Hyde, Acting Chairman, and Kenneth A. Cox, member, both of the Federal Communications Commission.

Hearings continue tomorrow, with testimony on funds for the Federal Home Loan Bank Board, and other agencies.

### FISHERY ZONE

**Committee on Commerce:** On Friday, May 20, Merchant Marine and Fisheries Subcommittee continued its hearings on S. 2218, to establish a contiguous fishery zone beyond the territorial sea of the U.S., receiving testimony from Jacob Ostensen, New Bedford Fishermen's Union, Massachusetts; Harold E. Lokken, Fishing Vessel Owners Association, Seattle; Art Anderson, Fishermen's Marketing Association, Astoria, Ore.; Dr. E. W. Harvey, A. J. Conger, Raymond Hall, and James Parker, all of the Otter Trawl Commission of Oregon; and Allen J. Malchow, James Suomela, and Tom Cook, all of the West Coast Trollers Association.

Hearings were recessed subject to call.

### D.C. EDUCATION

**Committee on the District of Columbia:** Subcommittee on Public Health, Education, Welfare, and Safety, in executive session, approved for full committee consideration with amendments S. 293, to establish a public com-

munity college and public college of arts and sciences in the D.C.

### NOMINATIONS

**Committee on Foreign Relations:** Committee held hearings on the nominations of John W. Tuthill, of Illinois, to be Ambassador to Brazil; Elliott P. Skinner, of New York, to be Ambassador to the Republic of Upper Volta; Eugene M. Locke, of Texas, to be Ambassador to Pakistan; and Jacob D. Beam, of New Jersey, to be Ambassador to Czechoslovakia. The nominees were present to testify and answer questions on their own behalf.

### NATIONAL SCIENCE POLICY

**Committee on Government Operations:** On Friday, May 20, Subcommittee on Government Research held an executive seminar to receive the views of several of the Nation's scientific leaders, and others, regarding establishment and development of a National Science Policy. Participating in this session were: Dr. Ithiel deSola Pool, professor of political science, MIT; Dr. Ed A. Gee, research department, E. I. du Pont de Nemours, Inc.; Mike Gorman, National Committee Against Mental Illness; Dr. Irving Kayton, Syndig, Inc., Washington, D.C.; Dr. Ralph E. Lapp, a consulting physicist, Washington, D. C.; Dr. Joshua Lederberg, professor of genetics, Stanford University; Dr. Gene Nordby, dean of engineering, University of Oklahoma; Dr. Richard D. Poole, dean of business administration, Oklahoma State University; Dr. Richard B. Roberts, Carnegie Institute of Washington; Dr. Alexander Sachs, an economist, New York City; Dr. Irving Siegel, Upjohn Institute for Employment Research, Washington, D.C.; Dr. James E. Webb, Director, NASA; Dr. Alvin Weinberg, Oak Ridge National Laboratory, Tennessee; Dr. Edward Wenk, Jr., Science Policy Research Division, Library of Congress; and Dr. John R. Platt, Institute on Mental Health Research, University of Michigan.

### PARKS AND RECREATION

**Committee on Interior and Insular Affairs:** On Friday, May 20, Subcommittee on Parks and Recreation approved for full committee consideration S. Con. Res. 39, to establish a Roanoke Island, N.C., Memorial Commission, prior to which action, in open session, testimony thereon was received from Howard R. Stagner, Assistant Director, National Park Service, Department of the Interior; and Dr. Robert Lee Humber, of North Carolina.

Subcommittee also held hearings on S. 2460, to establish the Connecticut River National Parkway and Recreation Area, receiving testimony from Senator Ribicoff; Representative St. Onge; Stewart L. Udall, Secretary, and Edward C. Crafts, Director, Bureau of Outdoor Recreation, both of the Department of the Interior; Joseph Gill, Commissioner of Natural Resources; Julian Rosenberg, Connecticut Valley Action Council; and



James J. Hartnett, Representative of the Connecticut Legislature. Hearings were recessed subject to call.

#### QUININE

*Committee on the Judiciary:* The Antitrust and Monopoly Subcommittee continued its series of hearings to study the cause of skyrocketing prices of quinine and quinidine, having as its witnesses Dr. Walter Modell, director of clinical pharmacology, Cornell University Medical College; and Lloyd Miller, representing U.S. Pharmacopia, New York City.

Hearings were recessed subject to call.

#### NARCOTICS

*Committee on the Judiciary:* Special Subcommittee on Narcotics continued its hearings on S. 2152, proposed Narcotic Addict Rehabilitation Act, and other pending related bills, and on the matter of the increasing use by young people of hallucinogenic drugs, such as LSD. Witnesses heard were Senator Murphy; Dr. James L. Goddard, Commissioner, Food and Drug Administration; and Drs. Duke Fisher and J. Thomas Ungerleider, both of the UCLA Medical College.

Hearings continue on Wednesday, May 25.

#### LIBRARIES

*Committee on Labor and Public Welfare:* On Friday, May 20, committee held hearings on S. 3076, proposed Library Services and Construction Act Amendments of 1966, and related bills, receiving testimony from Harold Howe II, Commissioner of Education, Department of HEW; L. Quincy Mumford, Librarian of Congress; Mrs. Emerson Hines, American Association of University Women, Arlington, Va.; and a panel of the follow-

ing witnesses representing the American Library Association: Emerson Greenaway, director, Free Library of Philadelphia; Mrs. Carma Leigh, State librarian, Sacramento, Calif.; John Anderson, the Public Library, Tucson, Ariz.; Miss Marion H. Vedder, Division of Library Extension, New York State Department of Education, Albany; and Miss Germaine Krettek, American Library Association.

Hearings were adjourned subject to call.

#### FEDERAL EMPLOYEES' PAY

*Committee on Post Office and Civil Service:* Committee, in executive session, unanimously approved for reporting with amendments H.R. 14122, providing salary increases for Federal employees.

The bill as amended will do the following:

(1) Provides a 2.9-percent increase across the board, effective July 1, 1966;

(2) Retains the House-passed one-step increase in the Government's contribution to high-option health insurance by 10 percent;

(3) Retains the provision for retirement on a full annuity at age 55 after 30 years of service, or at age 60 after 20 years' service;

(4) Liberalizes survivor annuity benefits for future widows of Federal employees and children of deceased Federal employees;

(5) Provides a 10-percent increase in the annuities of widows or future widows of Federal employees who died or retired prior to October 11, 1962. This provision was adopted in lieu of the House provision for recomputation of annuities;

(6) Extends health insurance coverage to children up to 22 years of age. The present maximum age is 21;

(7) Liberalizes overtime pay law for classified and postal supervisory employees;

(8) Provides Sunday premium pay at 25 percent for classified and wage board employees;

(9) Increases uniform allowances for Federal employees by an average of 25 percent.

## House of Representatives

### Chamber Action

**Bills Introduced:** 14 public bills, H.R. 15182-15195; and 6 private bills, H.R. 15196-15201, were introduced.

Page 10615

**Bills Reported:** Reports were filed as follows:

H.R. 11087, to exempt from D.C. taxes real property investment income of certain foreign corporations, filed on Friday, May 20 (H. Rept. 1546); and

H.R. 10744, amending the District of Columbia Alcoholic Beverage Control Act, filed on Friday, May 20 (H. Rept. 1547).

Page 10615

**D.C. Legislation:** The consideration of legislation pertaining to the District of Columbia was in order and the following bills were called up, considered, and passed by voice votes:

**D.C. tax:** H.R. 11087, to exempt from D.C. taxes real property investment income of certain foreign corporations (sent to the Senate without amendment).

**D.C. alcoholic beverage control:** H.R. 10744 (adopted committee amendments and an amendment designed to raise the age limit from 18 to 21 years for purchasing beer and light wine), to amend the District of Columbia Alcoholic Beverage Control Act (sent to the Senate).

Pages 10589-10594

**Bills Referred:** Four Senate-passed bills were referred to the appropriate committees.

Page 10615

**Program for Tuesday:** Adjourned at 12:50 p.m. until Tuesday, May 24, 1966, at 12 o'clock noon, when the House will consider H.R. 13712, the minimum wage bill (open rule—4 hours of debate).









# DIGEST of Congressional Proceedings

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
FOR INFORMATION ONLY;  
( TO BE QUOTED OR CITED)

Issued May 27, 1966  
For actions of May 26, 1966  
89th-2nd; No. 87

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Farm program.....13	Peace Corps.....20	

HIGHLIGHTS: House passed labor standards bill. pp. 11046-94

## HOUSE

1. LABOR STANDARDS. Passed, 303-93, with amendments H. R. 13712, to liberalize and expand the coverage of the Fair Labor Standards Act. A recommittal motion designed to strike out all agricultural sections from the bill and regarding food processing in certain industries in regard to overtime during peak seasons on highly perishable products was rejected, 168-231. Agreed to amendments to protect young people's part-time agricultural employment opportunities and allow certain wages to be set under the Sugar Act. pp. 11046-94

2. RESEARCH. Agreed to the conference report on S. 944, the oceanographic research bill. pp. 11042-6
3. DAIRY INDUSTRY. Rep. O'Konski said the number of dairy producers is becoming smaller and gave his reasons for this development. pp. 11099-102
4. FOOD FOR FREEDOM. Rep. Harvey, Ind., inserted an article, "U. S. Food and Freedom Policies Argued--Military View Given Priority." p. 11099
5. FARM LOANS. Received a report of GAO on a review of efforts to have borrowers refinance their Farmers Home Administration loans when private or cooperate credit becomes available; to Government Operations Committee. p. 11123
6. ADMINISTRATION. Received from GAO a compilation of recommendations for improving Government operations (H. Doc. 446). p. 11123

SENATE

7. MARKETING. The Commerce Committee reported with amendment, during adjournment on May 25, S. 985, the proposed Fair Packaging and Labeling Act of 1966 (S. Rept. 1186). p. 11001  
Sen. Cotton submitted an amendment which would strike from this bill the subsections giving "officials downtown the power to ultimately determine the sizes and weights in which commodities shall be packaged." p. 11008
8. PERSONNEL; PAY. The Post Office and Civil Service Committee reported with an amendment H. R. 14122, the Federal pay bill (S. Rept. 1187). p. 11003
9. DISASTER RELIEF. H. R. 15151, to permit the planting of alternate crops on acreage which is unplanted because of natural disaster, was placed on the calendar with the understanding that it will not be considered until next week. pp. 11001-3
10. RECREATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 10451, authorizing transfer of certain Colo. lands from the Interior Department to the Agriculture Department for recreation development. p. D463
11. DAIRY IMPORTS. Sen. Hartke was added as a cosponsor to S. 3273, the proposed Dairy Import Act of 1966. p. 11008
12. SCHOOL MILK. Sen. Proxmire inserted excerpts from testimony setting out the "difficulties the administration's proposed 80-percent cutback in the special milk program for schoolchildren would impose on...Massachusetts." p. 11009
13. FARM PROGRAM. Sen. Metcalf commended and inserted an article, "McGovern Takes Farm Leadership Role." pp. 11016-7  
Sen. Scott commended and inserted an article, "Agriculture and Economic Growth," describing the role of the private, as well as the government, sector in insuring agricultural development. pp. 11030-2
14. PATENTS. Sen. Long, La., urged defeat of S. 1809, to establish a uniform national policy concerning property rights in inventions made through the expenditure of public funds. pp. 11040-41



## FEDERAL EMPLOYEES' SALARY INCREASES

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MAY 26, 1966.—Ordered to be printed

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Mr. MONRONEY, from the Committee on Post Office and Civil Service,  
submitted the following

## R E P O R T

together with

## INDIVIDUAL VIEWS

[To accompany H.R. 14122]

The Committee on Post Office and Civil Service, to which was referred the bill (H.R. 14122) to adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The committee has stricken out all language following the enacting clause and substituted a new text to reflect three significant and several technical changes in the bill as referred. The three significant changes in the House bill are deletion of the recomputation of civil service survivor annuities, reduction in overtime pay for certain classified employees in excess of 8 hours in 1 day, and modification of the junior-senior salary adjustment for postal supervisors.

## ANNUITY RECOMPUTATION

The committee has removed section 507 from the bill and provided in lieu of the annuity recomputation an across-the-board, 10-percent increase in the annuities of widows of all Federal employees who died or retired prior to the Civil Service Retirement Act amendments of October 1962.

As referred, section 507 would have recomputed the amount paid and the amount received in all annuities for which a survivor election was made between April 1, 1948 (the date at which the general percentage reduction for survivor annuities became effective), and October 11, 1962 (the date at which the present percentage reduction became effective). Three different percentage reductions existed in

law during that span of 15 years. Employees paid different amounts according to the amount of their base annuity and the date of their retirement. Section 507 would have treated all as if they had retired under the provisions of the 1962 amendments—a reduction of 2.5 percent of the first \$3,600 and 10 percent of any amount in excess of \$3,600 to provide the annuitant's widow with 55 percent of the life annuity.

The administration expressed very strong opposition to this provision. Recomputation, as a method of liberalizing retirement benefits for retired employees, has not been enacted into law since prior to the major retirement amendments of February 29, 1948. Although the annual cost of this particular recomputation proposal was \$12.4 million, the increase in the unfunded liability of the civil service retirement and disability fund was estimated to be \$355 million. Once the pattern of recomputation of annuities based on existing provisions of the act is established, the annual cost to the fund or to general revenue could amount to a staggering figure.

To avoid this future problem and at the same time provide an immediate benefit for those in greatest need, the committee has substituted a 10-percent increase in the annuities of all widows and widowers (including future widows and widowers) whose annuities are based on an employee's death or retirement prior to the 1962 amendment. This group has the smallest average annuity.

#### OVERTIME FOR CLASSIFIED EMPLOYEES

The committee has modified the provisions of the House bill to exclude from overtime pay (on a daily basis) any employee engaged in professional or technical engineering and scientific activities whose basic workweek is determined to be the "first 40 hours" of the week, and any employee paid above GS-10, step 1, who has such a workweek. This amendment will preserve the benefits of overtime pay for most employees and avoid paying overtime to employees who do not have a regularly established 5-day workweek but who also do not work more than 40 hours a week.

The committee has also amended the bill to increase the maximum rate for premium compensation from GS-9 to GS-10. This applies to firefighters, investigators, and other employees whose workweek is irregular and unscheduled.

#### POSTAL SUPERVISORS ADJUSTMENT

Because of certain changes in promotion rules enacted in the Salary Reform Act of 1962, and because of an extra within-level step increase granted to the first four levels of employees in the Postal Field Service in that act, some supervisory employees promoted immediately prior to the 1962 act are paid less than junior employees who received the extra step and were promoted after the 1962 act. To reconcile this unintended result, the committee recommends that any employee promoted between July 9, 1960, and October 11, 1962, who is in the same postal service occupational group as an employee promoted after October 11, 1962, and who is below the step held by the junior employee, shall be granted an increase to raise him to the step held by the junior employee.



The committee intends for the Postmaster General to implement this provision by dividing postal employees into three occupational groups, mail operations, vehicle operations and maintenance, and building operation and maintenance. Employees in the same group will be compared to determine whether an adjustment under the provisions of this act shall be made. Employees in different occupational groups shall not be compared. The committee is confident that just and equitable procedures will be established by the Postmaster General to carry out the intent of this language.

The committee recognizes the problem which the extra step increase in 1962 created. To continue indefinitely such adjustments and within-level advancement would soon establish a concept that total postal service is a more important basis for salary than the far more important basis of continued proficiency in a salary level. Seniority adjustments should not be made by comparing the pay received by any junior employee who happens to be in the same salary level without consideration of the kind of work performed or the career promotion ladder involved. There may be an inequity regarding the pay standing of two foremen of mails, PFS-7, but there is no inequity regarding a foreman of mails, PFS-7, and a foreman of auto mechanics, PFS-7. The recruitment base is different and the career expectations are totally different.

The remedy provided in section 402 and the partial remedy provided in the 1964 Salary Reform Act eliminates any necessity to consider this proposal in the future.

#### MAJOR PROVISIONS OF THE BILL

Title I provides an average increase of 2.9 percent in the basic compensation of employees subject to the four statutory schedules—the general schedule of the Classification Act, the Postal Field Service schedule, and the schedules for employees in the Department of Medicine and Surgery in the Veterans' Administration and the Foreign Service. Employees in the offices of county committees under the Soil Conservation and Domestic Allotment Act are also included. Employees whose salaries are adjusted by administrative action are authorized to receive the increase.

Section 103 permits the appointment of new employees at a rate above the entrance rate of the grade in GS-11 and above when the Civil Service Commission approves such appointments. Present law, enacted in 1964, permits such appointments in GS-13 and above.

Title II increases or authorizes increases for employees in the judicial branch of the Government.

Title III increases or authorizes increases for employees of the Congress and employees of Members of Congress.

The effective date for all salary increases is the first day of the first pay period beginning on or after July 1, 1966.

Title IV provides several improvements in law governing Federal employment.

Section 401 will permit the Postmaster General to appoint or advance any employee transferred, with his function, into the postal service to a step in the level of the postal field service schedule most nearly equal to his salary under any other Federal pay schedule or system. The general rule in the postal service is to enter at the first step, regardless of previous salary or experience. This occasion-

ally results in an employee losing money because the postal service has taken over a function previously administered by another agency.

Section 402 permits the adjustment of salary for certain postal supervisors previously discussed in this report.

Section 403 increases the mileage and hour allowance for special delivery messengers who use their own vehicle. This payment is usually confined to Christmastime when Government vehicles are not easily available to special delivery messengers.

Section 404 authorizes overtime payment for work in excess of 8 hours in 1 day for classified employees with the exception of certain engineering and scientific employees. Federal employees get overtime pay for work in excess of 40 hours in a week, but heretofore the law has not required pay for work in excess of 8 hours in a day. This provision will reward such service and serve as an incentive to agency management to improve schedules to avoid overtime work.

Section 404 also raises the grade level for overtime pay from the rate paid GS-9, step 1, to the same step of GS-10. Employees above that level can be paid or given compensatory time off, at the discretion of management.

Section 404 also raises the level for mandatory overtime pay for postal employees from PFS-7 to PFS-10. The 1965 Salary Act abolished compensatory time below level 8 and permitted payment above level 7 at the discretion of the Postmaster General. Evidence studied by the committee indicates that many employees in these upper levels of firstline supervisors are not able to use their accumulated compensatory time because of the significant increase in mail volume. Congress did not intend this result. Because there has been no positive inclination by the Department to pay these employees for overtime work, the committee has resolved the problem by requiring such payment.

Section 405 applies to classified and wage board employees a significant liberalization granted postal employees in 1965. This section requires a premium of 25 percent of base pay for any employee whose regularly scheduled 5-day workweek includes Sunday. The premium will be paid for the entire 8-hour period of service regardless of the numbers of hours which actually occur on Sunday. This is identical to the provisions for regular postal employees enacted last year.

Section 406 permits full-time officers and employees of Federal employee unions to carry Federal life and health insurance while serving as union officers provided that the total cost of such insurance is paid by the employee and his union. The officer will receive the benefit of the group rate at his own expense. The Government will pay nothing.

Section 407 requires the 25-percent increase in uniform allowance authorized in the 1965 Salary Act. The House-approved provision has been amended to permit the Federal agency to make payment direct to the uniform vendor and deduct a service discount of 4 percent from the amount paid to the vendor.

Section 408 equalizes the salary of the Director of the Federal Mediation and Conciliation Service with the salary of the Chairman of the Federal Mediation Board at level III of the Federal Executive Salary Schedule (\$28,500).

Title V includes several significant amendments to the Civil Service Retirement Act to improve the retirement benefits of Federal employees.



Section 502 eliminates the requirement that a child be dependent upon a Federal-employee parent in order to receive a survivor annuity. This will permit the children of a working mother to receive a survivor annuity in the event of her death. The section also raises from 21 to 22 the maximum age for student survivors to receive annuity payment.

Section 503 permits credit for leave without pay for Federal employee union officers for the purposes of retirement. Under current law, these officers have received a half-year's credit for each full year on leave without pay without contribution. The Retirement Act was not designed to permit this credit. Section 503 remedies this defect by requiring, after the enactment of this act, that any such union officer shall receive credit for time served as a union officer only if he pays the full amount of employee and agency contributions. There will be no cost to the Government.

Section 504 enacts a long-sought goal of Federal employees—retirement on a full annuity at age 55 after 30 years' service. Retirement on a full annuity will also be permitted at age 60 after 20 years' service.

Section 505 prohibits a Member of Congress from retiring at age 55 on an unreduced annuity. The provisions of present law, reducing the full annuity by 1 percent for each full year below 60, will continue to be applicable to Members of Congress.

Section 506 permits the widow of a Federal employee to continue receiving her survivor annuity if she remarries after attaining age 60, or to have her annuity reinstated in the event a remarriage prior to age 60 is terminated. If such a widow has an election of survivor annuities under any Federal employee retirement program, she may elect which she wishes to receive, but cannot receive more than one.

Section 507 increases the annuities of widows and widowers of Federal employees who died or retired prior to October 11, 1962, by 10 percent. Spouses of Federal employees who retired prior to that date shall receive the 10-percent increase when their annuity commences.

Section 508 establishes the effective dates of the retirement amendments. Except for the amendments affecting the student survivor annuity of children of Federal employees, the amendments are entirely prospective and shall have no effect upon the annuities or entitlement to annuity of any person who died or was separated or retired prior to the effective date of this act. In the cases of surviving student children, however, the amendments shall apply to any such child who is otherwise eligible under the conditions of these amendments.

Section 601 increases the maximum age limit for health insurance coverage for the children of employees from 21 to 22. This is in line with the age increase for survivor children receiving civil service annuities while in college.

Section 602 increases the Government's contribution to the cost of high-option health insurance by approximately 10 percent. Employees have paid the full cost of each insurance premium increase since the program was commenced in 1960. Congress did not intend for the employee to pay a disproportionate share of the cost of the program. This is not characteristic of private enterprise and should not be followed in the Federal program. The percentage of contribution by the Government will increase from about 28 percent to about 38 percent for the high-option insurance program carried by most Federal employees.

## COST OF THE BILL

For the purpose of determining costs attributable to the wage-price guideposts, the bill as referred cost \$519.6 million annually. The committee amendments have reduced this by \$13.8 million to \$505.8 million. Of this total amount, \$416.7 million is pay increase, and the remainder is attributable to fringe benefit features of the bill—retirement liberalizations, increased Government contribution to the cost of health insurance, Sunday premium pay, overtime pay, annuity increases, and other provisions.

The Consumer Price Index of the Bureau of Labor Statistics was 110.4 when Congress increased Federal salaries in October 1965. For April 1966, the most recent report, the indicator was 112.5, an increase of 1.9 percent in 6 months. In purchasing power, the Federal employee will get a net increase of 1 percent, minus Federal, State, and local taxes, civil service retirement deductions, and life insurance premiums. The committee believes that it has done everything reasonably possible to produce a pay bill in line with the administration's program. To do less than that contained in the reported bill would be to do practically nothing at all.

The following table illustrates the cost of the bill:

<i>Estimated cost of the bill, as reported</i>		<i>Millions</i>
Salary increase.....		\$416. 7
Classified service.....		273. 1
Postal service.....		131. 5
Veterans' Administration.....		6. 7
Foreign Service.....		5. 4
Additional health insurance.....		34. 0
Postal supervisors adjustment.....		2. 0
Uniform allowance increase <sup>1</sup> .....		
Special delivery allowance.....		. 3
Postal supervisors overtime.....		14. 3
Classified overtime.....		5. 5
Sunday premium.....		32. 0
Retirement benefits:		
55/30—60/20.....		19. 7
Widow's remarriage.....		12. 0
Child's annuity.....		. 3
Annuity increase.....		7. 0
Additional interest on the unfunded liability of the civil service retirement and disability fund.....		30. 3
Equivalent offset <sup>2</sup> .....		(68. 3)
Total cost.....		505. 8

<sup>1</sup> This cost is not included because it was charged against the cost of the 1965 Salary Act and is not properly attributable to this bill.

<sup>2</sup> This offset against the total cost of the bill is derived from the additional cost of retirement benefits under present law plus new benefits created by the enactment of the retirement provisions of this bill, approximately 0.5 percent of present payroll.

In the Economic Report, 1965, the Council of Economic Advisers stated the following: "On Jan. 1, employer payroll taxes to finance social security and Medicare rose substantially, raising labor costs per hour by an average of 2/3 of a percent. These taxes are not included in the definition of employee compensation for purposes of the guideposts, since the rates and benefits are determined by law rather than by collective bargaining. Nonetheless, recognition has to be taken of the extraordinary increases in taxes at this time, which will raise both unit labor costs and yield future benefits to employees."

Because the principle of the guideposts is to permit all to participate in the general increase in productivity and prosperity, the executive branch agrees that an equivalent offset should be included in determining the increase in compensation for Federal employees.



The committee strongly urges the executive branch to improve its methodology in estimating the cost of pay legislation. Since this legislation was introduced in the House of Representatives, the estimates of cost provided the Congress by various agencies in the executive branch have changed several times. Items which were included as cost items at one time were excluded at another. The cost of the uniform allowance was included by the Post Office Department even though it had been charged against the cost of the 1965 pay bill and the necessary funds had been included (and approved by one House) in the Department's 1967 fiscal year budget.

There appears to be no central intelligence for gathering data concerning Federal employment and civilian payroll costs. There appears to be no means of ascertaining the cost of a proposal once it has been enacted into law. In 1965, Congress enacted a severance pay bill for employees who are involuntarily separated from the service without title to an immediate civil service annuity. The executive branch estimated this provision to cost \$50 million. Whether that estimate was accurate cannot be proved. In the present bill, the estimated cost of the Sunday premium pay provision is \$32 million. This figure was derived on the basis of Sunday work performed prior to the Korean conflict and then projected to present employment and payroll levels. There is no way to ascertain its validity.

In recommending salary increases in 1966, the executive branch established 3.2 percent of total payroll as the ceiling. The cost of each item, however small and regardless of the numbers it was designed to benefit, was charged against this total. If the executive branch intends to continue such a policy, it must refine its cost-estimating procedures. In an age of computers, there is no good reason why such improvement cannot be achieved.

Pursuant to this objective, the committee requests that the Postmaster General take whatever steps are necessary to determine exactly the cost of implementing section 402 of the bill, the junior-senior postal supervisor adjustment, and report the cost to the committee within 90 days following the enactment of this act.

In appearing before this committee on future Federal salary legislation, the executive branch should be prepared to present evidence concerning the accuracy of cost estimates for the various fringe benefit provisions of this bill as well as precise calculations for cost estimates of proposals under consideration at that time.

## CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law in which no change is proposed is shown in roman; existing law proposed to be omitted is enclosed in black brackets; new matter is shown in *italic*):

# SECTIONS 603(b) AND 801 OF THE CLASSIFICATION ACT OF 1949 (5 U.S.C. 1113(b) AND 1131)

## TITLE VI—BASIC COMPENSATION SCHEDULES

\* \* \* \* \*

### SEC. 603. \* \* \*

(b) The compensation schedule for the General Schedule shall be as follows:

Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,507	\$3,626	\$3,745	\$3,864	\$3,983	\$4,102	\$4,221	\$4,340	\$4,459	\$4,578
GS-2-----	3,814	3,943	4,072	4,201	4,330	4,459	4,588	4,717	4,846	4,975
GS-3-----	4,149	4,289	4,429	4,569	4,709	4,849	4,989	5,129	5,269	5,409
GS-4-----	4,641	4,797	4,953	5,109	5,265	5,421	5,577	5,733	5,889	6,045
GS-5-----	5,181	5,352	5,523	5,694	5,865	6,036	6,207	6,378	6,549	6,720
GS-6-----	5,702	5,894	6,086	6,278	6,470	6,662	6,854	7,046	7,238	7,430
GS-7-----	6,269	6,476	6,683	6,890	7,097	7,304	7,511	7,718	7,925	8,132
GS-8-----	6,869	7,097	7,325	7,553	7,781	8,009	8,237	8,465	8,693	8,921
GS-9-----	7,479	7,733	7,987	8,241	8,495	8,749	9,003	9,257	9,511	9,765
GS-10-----	8,184	8,464	8,744	9,024	9,304	9,584	9,864	10,144	10,424	10,704
GS-11-----	8,961	9,267	9,573	9,879	10,185	10,491	10,797	11,103	11,409	11,715
GS-12-----	10,619	10,987	11,355	11,723	12,091	12,459	12,827	13,195	13,563	13,931
GS-13-----	12,510	12,945	13,380	13,815	14,250	14,685	15,120	15,555	15,990	16,425
GS-14-----	14,680	15,188	15,696	16,204	16,712	17,220	17,728	18,236	18,744	19,252
GS-15-----	17,055	17,645	18,235	18,825	19,415	20,005	20,595	21,185	21,775	22,365
GS-16-----	19,619	20,297	20,975	21,653	22,331	23,009	23,687	24,365	25,043	-----
GS-17-----	22,217	22,994	23,771	24,548	25,325	-----	-----	-----	-----	-----
GS-18-----	25,382	-----	-----	-----	-----	-----	-----	-----	-----	-----

Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2-----	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3-----	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4-----	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5-----	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6-----	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7-----	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8-----	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9-----	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10-----	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11-----	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12-----	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13-----	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14-----	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15-----	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16-----	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	-----
GS-17-----	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----
GS-18-----	25,890	-----	-----	-----	-----	-----	-----	-----	-----	-----

\* \* \* \* \*



SEC. 801. All new appointments shall be made at the minimum rate of the appropriate grade, except that in accordance with regulations prescribed by the Commission which provide for such considerations as the candidate's existing salary, unusually high or unique qualifications, or a special need of the Government for his services, the head of any department may, with the approval of the Commission in each specific case, appoint individuals to positions in [grade 13] *grade 11* and above of the General Schedule at such rate or rates above the minimum rate of the appropriate grade as the Commission may authorize for this purpose. The approval of the Commission in each specific case shall not be required with respect to appointments made by the Librarian of Congress.

## TITLE 39, UNITED STATES CODE

### Part III.—PERSONNEL

#### Chapter 45.—COMPENSATION IN THE POSTAL FIELD SERVICE

#### COMPENSATION AND ALLOWANCES

#### § 3542. Postal Field Service Schedule.

(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be "PFS". Except as provided in sections 3543 and 3544 of this title, basic compensation shall be paid to all employees in accordance with such schedule.

#### POSTAL FIELD SERVICE SCHEDULE

PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1.....	\$4,086	\$4,221	\$4,356	\$4,491	\$4,626	\$4,761	\$4,896	\$5,031	\$5,166	\$5,301	\$5,436	\$5,571
2.....	4,424	4,569	4,714	4,859	5,004	5,149	5,294	5,439	5,584	5,729	5,874	6,019
3.....	4,780	4,941	5,102	5,263	5,424	5,585	5,746	5,907	6,068	6,229	6,390	6,551
4.....	5,181	5,352	5,523	5,694	5,865	6,036	6,207	6,378	6,549	6,720	6,891	7,062
5.....	5,536	5,722	5,908	6,094	6,280	6,466	6,652	6,838	7,024	7,210	7,396	7,582
6.....	5,941	6,138	6,335	6,532	6,729	6,926	7,123	7,320	7,517	7,714	7,911	8,108
7.....	6,361	6,573	6,785	6,997	7,209	7,421	7,633	7,845	8,057	8,269	8,481	-----
8.....	6,888	7,116	7,344	7,572	7,800	8,028	8,256	8,484	8,712	8,940	-----	-----
9.....	7,449	7,697	7,945	8,193	8,441	8,689	8,937	9,185	9,433	9,681	-----	-----
10.....	8,110	8,385	8,660	8,935	9,210	9,485	9,760	10,035	10,310	10,585	-----	-----
11.....	8,961	9,267	9,573	9,879	10,185	10,491	10,797	11,103	11,409	11,715	-----	-----
12.....	9,914	10,251	10,588	10,925	11,262	11,599	11,936	12,273	12,610	12,947	-----	-----
13.....	10,956	11,334	11,712	12,090	12,468	12,846	13,224	13,602	13,980	14,358	-----	-----
14.....	12,077	12,497	12,917	13,337	13,757	14,177	14,597	15,017	15,437	15,857	-----	-----
15.....	13,349	13,810	14,271	14,732	15,193	15,654	16,115	16,576	17,037	17,498	-----	-----
16.....	14,751	15,264	15,777	16,290	16,803	17,316	17,829	18,342	18,855	19,368	-----	-----
17.....	16,320	16,890	17,460	18,030	18,600	19,170	19,740	20,310	20,880	21,450	-----	-----
18.....	18,078	18,710	19,342	19,974	20,606	21,238	21,870	22,502	23,134	23,766	-----	-----
19.....	20,042	20,741	21,440	22,139	22,838	23,537	24,236	24,935	-----	-----	-----	-----
20.....	22,217	22,994	23,771	24,538	25,325	-----	-----	-----	-----	-----	-----	-----

## FEDERAL EMPLOYEES' SALARY INCREASES

### POSTAL FIELD SERVICE SCHEDULE

PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1	\$4, 204	\$4, 343	\$4, 482	\$4, 612	\$4, 760	\$4, 899	\$5, 038	\$5, 177	\$5, 318	\$5, 455	\$5, 594	\$5, 733
2	4, 552	4, 701	4, 850	4, 999	5, 148	5, 297	5, 446	5, 595	5, 744	5, 893	6, 042	6, 191
3	4, 919	5, 085	5, 251	5, 417	5, 583	5, 749	5, 916	6, 081	6, 247	6, 413	6, 579	6, 745
4	5, 351	5, 507	5, 683	5, 859	6, 035	6, 211	6, 387	6, 563	6, 739	6, 915	7, 091	7, 267
5	5, 697	5, 888	6, 079	6, 270	6, 461	6, 652	6, 843	7, 034	7, 225	7, 416	7, 607	7, 798
6	6, 113	6, 316	6, 519	6, 722	6, 925	7, 328	7, 331	7, 534	7, 737	7, 940	8, 143	8, 346
7	6, 545	6, 763	6, 981	7, 199	7, 417	7, 635	7, 853	8, 071	8, 289	8, 507	8, 725	
8	7, 088	7, 323	7, 558	7, 793	8, 028	8, 263	8, 498	8, 733	8, 968	9, 203		
9	7, 665	7, 920	8, 175	8, 430	8, 685	8, 940	9, 195	9, 450	9, 705	9, 960		
10	8, 345	8, 628	8, 911	9, 194	9, 477	9, 760	10, 043	10, 326	10, 609	10, 892		
11	9, 221	9, 536	9, 851	10, 166	10, 481	10, 796	11, 111	11, 426	11, 741	12, 056		
12	10, 202	10, 549	10, 896	11, 243	11, 590	11, 937	12, 284	12, 631	12, 978	13, 325		
13	11, 274	11, 663	12, 052	12, 441	12, 830	13, 219	13, 608	13, 997	14, 386	14, 775		
14	12, 427	12, 859	13, 291	13, 723	14, 155	14, 587	15, 019	15, 451	15, 883	16, 315		
15	13, 736	14, 210	14, 684	15, 158	15, 632	16, 106	16, 580	17, 054	17, 528	18, 002		
16	15, 179	15, 707	16, 235	16, 763	17, 291	17, 819	18, 347	18, 875	19, 403	19, 931		
17	16, 793	17, 380	17, 967	18, 554	19, 141	19, 728	20, 315	20, 902	21, 489	22, 076		
18	18, 530	19, 145	19, 760	20, 375	20, 990	21, 605	22, 220	22, 835	23, 450	24, 065		
19	20, 525	21, 210	21, 895	22, 580	23, 265	23, 950	24, 635	25, 320				
20	22, 760	23, 520	24, 280	25, 040	25, 800							

(b) The basic salary for hourly rate employees shall be computed by dividing the per annum rates prescribed in the Postal Field Service Schedule (1) by 2,080 in the case of hourly rate employees other than substitutes, and (2) by 2,016 in the case of substitute employees.

(c) In addition to the compensation provided under this section regular and substitute special delivery carriers and special delivery messengers at first class post offices shall be paid an automotive equipment maintenance allowance at the rate of **[7] 10** cents per mile or major fraction thereof for miles traveled under the direction of the Department in making delivery of special delivery mail or at the option of the Postmaster General at the rate of **[90 cents] \$1.25** per hour spent in making delivery of special delivery mail. Payments for equipment maintenance shall be made at the same periods and in the same manner as payments of regular compensation.

### § 3543. Rural Carrier Schedule

(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be "RCS". Compensation shall be paid to rural carriers in accordance with this schedule.

## RURAL CARRIER SCHEDULE

[illegible]



RURAL CARRIER SCHEDULE

	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum-----	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route-----	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles-----	25	25	25	25	25	25	25	25	25	25	25	25
* * * * *												

3544. Fourth Class Office Schedule

(a) There is established a basic compensation schedule which shall be known as the Fourth Class Office Schedule and for which the symbol shall be "FOS", for postmasters in post offices of the fourth class which is based on the revenue units of the post office for the preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accordance with this schedule.

FOURTH CLASS OFFICE SCHEDULE

Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36-----	\$3,906	\$4,035	\$4,164	\$4,293	\$4,422	\$4,551	\$4,680	\$4,809	\$4,938	\$5,067	\$5,196	\$5,325
24 but fewer than 30-----	3,610	3,729	3,848	3,967	4,086	4,205	4,324	4,443	4,562	4,681	4,800	4,919
18 but fewer than 24-----	2,978	3,079	3,180	3,281	3,382	3,483	3,584	3,685	3,786	3,887	3,988	4,089
12 but fewer than 18-----	2,339	2,415	2,491	2,567	2,643	2,719	2,795	2,871	2,947	3,023	3,099	3,175
6 but fewer than 12-----	1,687	1,741	1,795	1,849	1,903	1,957	2,011	2,065	2,119	2,173	2,227	2,281
Fewer than 6-----	1,359	1,403	1,447	1,491	1,535	1,579	1,623	1,667	1,711	1,755	1,799	1,843

FOURTH CLASS OFFICE SCHEDULE

Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36-----	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30-----	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24-----	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 12-----	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12-----	1,736	1,791	1,846	1,901	2,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6-----	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893
* * * * *												

SALARY STEPS AND PROMOTIONS

\* \* \* \* \*

§ 3551. Appointments to positions in the postal field service

(a) The Postmaster General may appoint any person who has been employed in a civilian capacity in any branch of the Government to any position in a regional or district office or to any professional or scientific position and may place him in any step in the salary level of the Postal Field Service Schedule which is less than one full step

above the highest basic salary which he received from the United States.

(b) The Postmaster General may appoint any employee of the legislative branch whose compensation is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives, and who has completed two or more years of service as such an employee, and any Member of the Senate or House of Representatives who has completed two or more years of service as such a Member, to any position in the postal field service and may fix his initial rate of compensation at the minimum rate of the appropriate level of the basic salary schedule applicable to the position, or at any step of that level that does not exceed the highest previous rate of compensation received by him during his service in the legislative branch.

(c) *The Postmaster General may appoint or advance any Federal employee who, together with this function, is transferred, prior to, on, or after the date of enactment of this subsection, to a post office or other postal installation at or to (1) the minimum rate for his position, or (2) any higher rate for his position which is less than one full step above the highest rate of compensation received by him immediately prior to such transfer.*

#### § 3552. Automatic advancement by step increases

\* \* \* \* \*

[(d) Notwithstanding the provisions of subsections (a), (b), and (c) of this section, the Postmaster General is authorized to advance any employee in PFS level 9 or below who—

[(1) was promoted to a higher level between July 9, 1960, and October 13, 1962; and

[(2) is senior with respect to total postal service to an employee in his own post office promoted to the same position since October 13, 1962, and is at a step in the level below the step of the junior employee.

Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained. ]

#### § 3573. Compensatory time, overtime, and holidays

(a) In emergencies or if the needs of the service require, the Postmaster General may require employees to perform overtime work or to work on holidays. Overtime work is any work officially ordered or approved which is performed by—

(1) an annual rate regular employee in excess of his regular work schedule,

(2) an hourly rate regular employee in excess of eight hours in a day or forty hours in a week, and

(3) a substitute employee in excess of forty hours in a week.

The Postmaster General shall determine the day and week used in computing overtime work.

(b) For each hour of overtime work the Postmaster General shall compensate an employee in the "PFS" Schedule as follows:

(1) He shall pay each employee in or below salary level [PFS-7] PFS-10 compensation at the rate of 150 per centum of the hourly rate of basic compensation for his level and step computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty.



(2) He shall grant each employee in or above salary level **[PFS-8]** *PFS-11* compensatory time equal to the overtime worked, or in his discretion in lieu thereof pay such employee compensation at the rate of 150 per centum of the hourly rate of basic compensation of the employee or of the hourly rate of the basic compensation for the highest step of salary level **[PFS-7]** *PFS-10*, whichever is the lesser.

(c) For officially ordered or approved time worked on a day referred to as a holiday in the Act of December 26, 1941 (55 Stat. 862; 5 U.S.C. 87b), or on a day designated by Executive order as a holiday for Federal employees, under regulations prescribed by the Postmaster General, an employee in the PFS schedule shall receive extra compensation, in addition to any other compensation provided for by law, as follows:

(1) Each regular employee in or below salary level **[PFS-7]** *PFS-10* shall be paid extra compensation at the rate of 100 per centum of the hourly rate of basic compensation for his level and step computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty.

(2) Each regular employee in or above salary level **[PFS-8]** *PFS-11* shall be granted compensatory time in an amount equal to the time worked on such holiday within thirty working days thereafter or, in the discretion of the Postmaster General, in lieu thereof shall be paid extra compensation for the time so worked at the rate of 100 per centum of the hourly rate of basic compensation for his level and step computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty.

(3) For work performed on Christmas Day (A) each regular employee shall be paid extra compensation at the rate of 150 per centum of the hourly rate of basic compensation for his level and step, computed by dividing the scheduled annual rate of basic compensation by two thousand and eighty, and (B) each substitute employee shall be paid extra compensation at the rate of 50 per centum of the hourly rate of basic compensation for his level and step.

\* \* \* \* \*

## SECTION 4107 OF TITLE 38, UNITED STATES CODE

### § 4107. Grades and pay scales

(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

#### SECTION 4103 SCHEDULE

Assistant Chief Medical Director, **[\$25,382]** \$25,890.

Medical Director, **[\$22,217]** \$22,760 minimum to **[\$25,325]** \$25,800 maximum.

Director of Nursing Service, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Director of Chaplain Service, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Chief Pharmacist, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Chief Dietitian, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

(b)(1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

#### PHYSICIAN AND DENTIST SCHEDULE

Director grade, **[\$19,619]** \$20,075 minimum to **[\$25,043]** \$25,435 maximum.

Executive grade, **[\$18,291]** \$18,730 minimum to **[\$24,024]** \$24,355 maximum.

Chief grade, **[\$17,055]** \$17,550 minimum to **[\$22,365]** \$23,013 maximum.

Senior grade, **[\$14,680]** \$15,106 minimum to **[\$19,252]** \$19,813 maximum.

Intermediate grade, **[\$12,510]** \$12,873 minimum to **[\$16,425]** \$16,905 maximum.

Full grade, **[\$10,619]** \$10,927 minimum to **[\$13,931]** \$14,338 maximum.

Associate grade, **[\$8,961]** \$9,221 minimum to **[\$11,715]** \$12,056 maximum.

#### NURSE SCHEDULE

Assistant Director grade, **[\$14,680]** \$15,106 minimum to **[\$19,252]** \$19,813 maximum.

Chief grade, **[\$12,510]** \$12,873 minimum to **[\$16,425]** \$16,905 maximum.

Senior grade, **[\$10,619]** \$10,927 minimum to **[\$13,931]** \$14,338 maximum.

Intermediate grade, **[\$8,961]** \$9,221 minimum to **[\$11,715]** \$12,056 maximum.

Full grade, **[\$7,479]** \$7,696 minimum to **[\$9,765]** \$10,045 maximum.

Associate grade, **[\$6,540]** \$6,730 minimum to **[\$8,502]** \$8,749 maximum.

Junior grade, **[\$5,702]** \$5,867 minimum to **[\$7,430]** \$7,649 maximum.

(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position.

### SECTIONS 412 AND 415(a) OF THE FOREIGN SERVICE ACT OF 1946 (22 U.S.C. 867 AND 870(a))

#### FOREIGN SERVICE OFFICERS

SEC. 412. There shall be ten classes of Foreign Service officers, including the classes of career ambassador and of career minister. The per annum salary of a career ambassador shall be at the rate provided



by law for level IV of the Federal Executive Salary Schedule. The per annum salary of a career minister shall be at the rate provided by law for level V of such schedule. The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

Class 1.....	\$23,465	\$24,284	\$25,382				
Class 2.....	18,954	19,612	20,270	\$20,928	\$21,586	\$22,244	\$22,902
Class 3.....	15,395	15,929	16,463	16,997	17,531	18,065	18,599
Class 4.....	12,510	12,945	13,380	13,815	14,250	14,685	15,120
Class 5.....	10,303	10,661	11,019	11,377	11,735	12,093	12,451
Class 6.....	8,594	8,889	9,184	9,479	9,774	10,069	10,364
Class 7.....	7,262	7,506	7,750	7,994	8,238	8,482	8,726
Class 8.....	6,269	6,476	6,683	6,890	7,097	7,304	7,511

Class 1.....	\$23,935	\$24,770	\$25,890				
Class 2.....	19,333	20,004	20,675	\$21,347	\$22,018	\$22,689	\$23,360
Class 3.....	15,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7.....	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729

\* \* \* \* \*

#### FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

SEC. 415. (a) There shall be ten classes of Foreign Service staff officers and employees, referred to hereafter as staff officers and employees. The per annum salaries of such staff officers and employees within each class shall be as follows:

Class 1.....	\$15,395	\$15,929	\$16,463	\$16,997	\$17,531	\$18,065	\$18,599	\$19,133	\$19,667	\$20,201
Class 2.....	12,510	12,945	13,380	13,815	14,250	14,685	15,120	15,555	15,990	16,425
Class 3.....	10,303	10,661	11,019	11,377	11,735	12,093	12,451	12,809	13,167	13,525
Class 4.....	8,594	8,889	9,184	9,479	9,774	10,069	10,364	10,659	10,954	11,249
Class 5.....	7,749	8,013	8,277	8,541	8,805	9,069	9,333	9,597	9,861	10,125
Class 6.....	6,998	7,231	7,464	7,697	7,930	8,163	8,396	8,629	8,862	9,095
Class 7.....	6,428	6,640	6,852	7,064	7,276	7,488	7,700	7,912	8,124	8,336
Class 8.....	5,688	5,880	6,072	6,264	6,456	6,648	6,840	7,032	7,224	7,416
Class 9.....	5,190	5,361	5,532	5,703	5,874	6,045	6,216	6,387	6,558	6,729
Class 10.....	4,641	4,797	4,953	5,109	5,265	5,421	5,577	5,733	5,889	6,045

Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216

#### SECTIONS 201, 202, TITLE III, AND SECTION 401 OF THE FEDERAL EMPLOYEES PAY ACT OF 1945 (5 U.S.C. 911, 912, 921 AND FOLLOWING, AND 926)

SEC. 201. All hours of work officially ordered or approved in excess of forty hours in any administrative workweek or, with the exception of employees engaged in professional or technical engineering or scientific activities for whom the first forty hours of duty in an administrative workweek is the basic workweek and employees whose basic compensation

*exceeds the minimum rate of grade GS-10 of the Classification Act of 1949, as amended, for whom the first forty hours of duty in an administrative workweek is the basic workweek, in excess of eight hours in a day performed by officers and employees to whom this title applies shall be considered to be overtime work and compensation for such overtime work, except as otherwise provided for in this Act, shall be at the following rates:*

(1) For each officer and employee whose basic compensation is at a rate which does not exceed the minimum scheduled rate of basic compensation provided for grade **[GS-9]** *GS-10* in the Classification Act of 1949, as amended, the overtime hourly rate of compensation shall be an amount equal to one and one-half times the hourly rate of basic compensation of such officer or employee, and all of such amount shall be considered premium compensation.

(2) For each officer and employee whose basic compensation is at a rate which exceeds the minimum scheduled rate of basic compensation provided for grade **[GS-9]** *GS-10* in the Classification Act of 1949, as amended, the overtime hourly rate of compensation shall be an amount equal to one and one-half times the hourly rate of such minimum scheduled rate of basic compensation, and all of such amount shall be considered premium compensation.

SEC. 202. (a) The head of any department, independent establishment, or agency, including Government-owned or controlled corporations, or of the municipal government of the District of Columbia, or the head of any legislative or judicial agency to which this title applies, (1) may, at the request of any officer or employee, grant such officer or employee compensatory time off from his scheduled tour of duty in lieu of payment for an equal amount of time spent in irregular or occasional overtime work, and (2) may, at his own discretion, provide that any officer or employee, whose rate of basic compensation is in excess of the maximum scheduled rate of basic compensation provided for grade **[GS-9]** *GS-10* in the Classification Act of 1949, as amended, shall be compensated for irregular or occasional overtime work for which compensation would be due under this Act with an equal amount of compensatory time off from his scheduled tour of duty in lieu of such compensation.

(b) The Architect of the Capitol may, in his discretion, grant per annum employees compensatory time off from duty in lieu of overtime compensation for any work in excess of forty hours in any regularly scheduled administrative workweek.

\* \* \* \* \*

### TITLE III—COMPENSATION FOR **[NIGHT AND]** NIGHT, SUNDAY, AND HOLIDAY WORK

#### NIGHT PAY DIFFERENTIAL

SEC. 301. (a) Any regularly scheduled work between the hours of six o'clock postmeridian and six o'clock antemeridian (including periods of absence with pay during such hours due to holidays, and any such hours within periods of leave with pay if such periods total less than eight hours during any pay period) shall be considered night-work, except as provided in subsection (b), and any officer or employee



performing such work to whom this title applies shall be compensated for such work at his rate of basic compensation plus premium compensation amounting to 10 per centum of such rate, unless otherwise provided in title IV of this Act. This section shall not operate to modify the provisions of the Act of July 1, 1944 (Public Law Numbered 394, Seventy-eighth Congress), or any other law authorizing additional compensation for nightwork.

(b) The head of any department, independent establishment, or agency, including Government-owned or controlled corporations, may designate any time after six o'clock postmeridian and any time before six o'clock antemeridian as the beginning and end, respectively, of nightwork for the purpose of subsection (a) at any post outside the several States and the District of Columbia where customary hours of business extend into the hours of nightwork provided by such subsection.

#### COMPENSATION FOR SUNDAY WORK

*SEC. 302. Any regularly scheduled eight-hour period of service which is not overtime work as defined in section 201 of this Act any part of which is performed within the period commencing at midnight Saturday and ending at midnight Sunday shall be compensated for the entire period of service at the rate of basic compensation of the officer or employee performing such work plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation.*

#### COMPENSATION FOR HOLIDAY WORK

SEC. [302] 303. (a) All work not exceeding eight hours, which is not overtime work as defined in section 201 of this Act and which is performed on a holiday designated by Federal statute or Executive order, shall be compensated at the rate of basic compensation of the officer or employee performing such work on a holiday plus premium compensation at a rate equal to the rate of basic compensation of such officer or employee.

(b) Any officer or employee who is required to perform any work on such a holiday shall be compensated for at least two hours of such work, and any such premium compensation due under the provisions of this section shall be in addition to any premium compensation which may be due for the same work under the provisions of section 301 of this Act providing premium compensation for nightwork.

(c) Overtime work, as defined in section 201 of this Act, on Sundays and such holidays shall be compensated in accordance with the provisions of such section 201.

### TITLE IV—SPECIAL PROVISIONS FOR CERTAIN TYPES OF WORK

SEC. 401. The head of any department, independent establishment, or agency, including Government-owned or controlled corporations, or of the municipal government of the District of Columbia may, with the approval of the Civil Service Commission, provide that—

(1) any officer or employee in a position requiring him regularly to remain at, or within the confines of, his station during longer than ordinary periods of duty, a substantial part of which consists of remaining in a standby status rather than performing

work, shall receive premium compensation for such duty on an annual basis in lieu of premium compensation provided by any other provisions of this Act. Premium compensation under this paragraph shall be determined as an appropriate percentage (not in excess of 25 per centum) of such part of the rate of basic compensation for any such position as does not exceed the minimum scheduled rate of basic compensation provided for grade **[GS-9]** *GS-10* in the Classification Act of 1949, as amended, by taking into consideration the number of hours of actual work required in such position, the number of hours required in a standby status at or within the confines of the station, the extent to which the duties of such position are made more onerous by **[night or]** *night, Sunday, or holiday* work, or by being extended over periods of more than forty hours a week, and any other relative factors; or

(2) any officer or employee in a position in which the hours of duty cannot be controlled administratively, and which requires substantial amounts of irregular, unscheduled, overtime duty and duty at **[night and]** *night, on Sundays, and on holidays* with the officer or employee generally being responsible for recognizing, without supervision, circumstances which require him to remain on duty, shall receive premium compensation for such duty on an annual basis in lieu of premium compensation provided by any other provisions of this Act, except for regularly scheduled overtime duty. Premium compensation under this paragraph shall be determined as an appropriate percentage (not in excess of 15 per centum) of such part of the rate of basic compensation for any such position as does not exceed the minimum scheduled rate of basic compensation provided for grade **[GS-9]** *GS-10* in the Classification Act of 1949, as amended, by taking into consideration the frequency and duration of *night, Sunday, holiday, and unscheduled overtime* duty required in such position.

**FIRST PARAGRAPH OF SECTION 23 OF THE INDEPENDENT OFFICES APPROPRIATION ACT, 1935, AS AMENDED (5 U.S.C. 673c)**

SEC. 23. The weekly compensation, minus any general percentage reduction which may be prescribed by Act of Congress, for the several trades and occupations, which is set by wage boards or other wage-fixing authorities, shall be reestablished and maintained at rates not lower than necessary to restore the full weekly earnings of such employees in accordance with the full-time weekly earnings under the respective wage schedules in effect on June 1, 1932: *Provided*, That the regular hours of labor are hereby established at not more than eight per day or forty per week, but work in excess of such hours shall be permitted when administratively determined to be in the public interest: *Provided further*, That overtime work in excess of eight hours per day or in excess of forty hours per week shall be compensated for at not less than time and one-half the basic rate of compensation, except that employees subject to this section who are regularly required to remain at or within the confines of their post of duty in excess of eight hours per day in a standby or on-call status shall be paid overtime rates only for hours of duty, exclusive of eating



and sleeping time, in excess of forty per week: *Provided further, That employees subject to this section whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during such eight-hour period of service.*

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## SECTION 6 OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954, AS AMENDED (5 U.S.C. 2095)

SEC. 6. (a) Each policy purchased under this Act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or twelve months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission.

(b) If upon such date as the insurance would otherwise cease the employee retires on an immediate annuity and (1) his retirement is for disability or (2) he has completed twelve years of creditable service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him, but the amount of such insurance shall be reduced by 2 per centum thereof at the end of each full calendar month following the date the employee attains age sixty-five or retires, whichever is later, subject to minimum amounts prescribed by the Commission, but not less than 25 per centum of the insurance in force preceding the first such reduction. Periods of honorable active service in the Army Navy, Air Force, Marine Corps, or Coast Guard of the United States shall be credited toward the required twelve years provided the employee has completed at least five years of civilian service.

(c) If upon such date as the insurance would otherwise cease the employee is receiving benefits under the Federal Employees' Compensation Act because of disease or injury to himself, his life insurance may, as provided in subsection (b), be continued during the period he is in receipt of such benefits and held by the United States Department of Labor to be unable to return to duty.

(d) *Notwithstanding the foregoing, an officer or employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, elect to continue his insurance and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions from the beginning of leave without pay. If he does not so elect, his insurance will continue during nonpay status and terminate as provided in subsection (a) of this section. The employing agency shall forward the premium payments to the fund established by section 5 of this Act.*

**SECTION 2(d), SECTION 7 (a) (1) AND (2), AND SECTION 7(b)  
OF THE FEDERAL EMPLOYEES HEALTH BENEFITS ACT OF  
1959, AS AMENDED (5 U.S.C. 3001(d) AND 3006 (a) AND (b))**

SEC. 2. \* \* \*

(d) Member of family means an employee's or annuitant's spouse and any unmarried child (under the age of [twenty-one] *twenty-two* years (including (A) an adopted child, and (B) a stepchild, foster child, or recognized natural child who lives with the employee or annuitant in a regular parent-child relationship), or (2) regardless of age who is incapable of self-support because of mental or physical incapacity that existed prior to his reaching the age of [twenty-one] *twenty-two* years.

CONTRIBUTIONS

[SEC. 7. (a)(1) Except as provided in paragraph (2) of this subsection, the Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be 50 per centum of the lowest rates charged by a carrier for a level of benefits offered by a plan under paragraph (1) or paragraph (2) of section 4, but (A) not less than \$1.25 or more than \$1.75 biweekly for an employee or annuitant who is enrolled for self alone and (B) not less than \$3 or more than \$4.25 biweekly for an employee or annuitant who is enrolled for self and family.

[(2) For an employee or annuitant enrolled in a plan described under section 4 (3) or (4) for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge.]

*SEC. 7. (a)(1) Except as provided in paragraph (2) of this subsection, the biweekly Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family commencing with the first pay period beginning on or after July 1, 1966.*

*(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge, commencing with the first pay period beginning on or after July 1, 1966.*

\* \* \* \* \*

(b)(1) An employee enrolled in a health benefits plan under this Act who is placed in a leave without pay status may have his coverage and the coverage of members of his family continued under such plan for a period not to exceed one year in accordance with regulations prescribed by the Commission. Such regulations may provide for the waiving of contributions by the employee and the Government.

(2) *An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to continue his health benefits coverage and arrange to pay currently into the fund, through his employing agency from the beginning of*



*leave without pay, both employee and agency contributions. If he does not so elect, his coverage will terminate as specified in paragraph (1) and implementing regulations. The employing agency shall forward the enrollment charges so paid to the fund.*

---

**THE FEDERAL EMPLOYEES UNIFORM ALLOWANCE ACT  
(TITLE IV OF THE ACT OF SEPTEMBER 1, 1954; PUBLIC  
LAW 763, EIGHTY-THIRD CONGRESS; 5 U.S.C. 2131-2133)**

**TITLE IV—UNIFORM ALLOWANCES**

SEC. 401. This title may be cited as the "Federal Employees Uniform Allowance Act".

SEC. 402. There is hereby authorized to be appropriated annually to each agency of the Government of the United States or of the District of Columbia (including Government-owned corporations), upon a showing of the necessity or desirability thereof, an amount not to exceed \$125 multiplied by the number of the employees of such agency who are required by regulation or by law to wear a prescribed uniform in the performance of his or her official duties and who are not being furnished with such uniform. The head of any agency to which any such appropriation is made shall, out of funds made available by such appropriation, (1) furnish to each such employee such uniform at a cost not to exceed \$125 per annum, or (2) pay to each such employee an allowance for defraying the expenses of acquisition of such uniform at such times and in such amounts, not to exceed \$125 per annum, as may be prescribed in accordance with rules and regulations promulgated pursuant to section 404. *In those instances where the agency makes reimbursement direct to the uniform vendor, the head of the agency may deduct a service charge not to exceed 4 per centum.* Where the furnishing of a uniform or the payment of a uniform allowance is authorized under any other provision of law or regulation existing on the date of enactment of this Act, the head of the agency may in his discretion continue the furnishing of such uniform or the payment of such allowance under such law or regulation, but where a uniform is furnished or allowance paid under any such law or regulation no uniform shall be furnished or allowance paid under this section.

SEC. 403. Allowances paid under this title shall not be considered as pay, salary, or compensation within the meaning of the Civil Service Retirement Act of May 29, 1930, as amended, or as wages within the meaning of section 209 of the Social Security Act, as amended, or chapters 21 and 24 of the Internal Revenue Code of 1954.

SEC. 404. The Director of the Bureau of the Budget is authorized and directed to promulgate such rules and regulations as may be necessary to provide for the uniform administration of this title.

SEC. 405. *Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title are hereby increased, subject to the maximum allowance authorized by this title, as follows:*

(1) *If the maximum uniform allowance is \$100 or more, such allowance shall be increased by 25 per centum.*

(2) *If the maximum uniform allowance is \$75 or more but less than \$100, such allowance shall be increased by 30 per centum.*

(3) *If the maximum uniform allowance is \$50 or more but less than \$75, such allowance shall be increased by 35 per centum.*

(4) *If the maximum uniform allowance is less than \$50, such allowance shall be increased by 40 per centum.*

*Such maximum uniform allowances, as in effect on April 1, 1966, and as increased by this section, shall not be reduced.*

## FEDERAL EXECUTIVE SALARY ACT OF 1964 (PUBLIC LAW 88-426; 5 U.S.C. 2211)

SEC. 301. This title may be cited as the "Federal Executive Salary Act of 1964".

\* \* \* \* \*

SEC. 303 \* \* \*

(c) Level III of the Federal Executive Salary Schedule shall apply to the following offices and positions, for which the annual rate of basic compensation shall be \$28,500:

\* \* \* \* \*

(47) *Director of the Federal Mediation and Conciliation Service.*

(d) Level IV of the Federal Executive Salary Schedule shall apply to the following offices and positions, for which the annual rate of basic compensation shall be \$27,000:

\* \* \* \* \*

[(30) Director of the Federal Mediation and Conciliation Service.]

\* \* \* \* \*

## CIVIL SERVICE RETIREMENT ACT (5 U.S.C. 2251(j); 2253; 2256 (a), (b), (f); 2259 (c), (d); 2260 (a)-(e))

### DEFINITIONS

SECTION 1. Wherever used in this Act—

\* \* \* \* \*

(j) The term "child", for purposes of section 10(d), shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who [received more than one-half his support from and] lived with the Member or employee in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support, or such unmarried child between eighteen and [twenty-one] *twenty-two* years of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose [twenty-first] *twenty-second* birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed for the purposes of this paragraph and section 10(d) to have attained the age of [twenty-one] *twenty-two* on the first day of July following such birthday. A child who is a



student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed five months and if he shows to the satisfaction of the Commission that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim.

The term "child", for purposes of section 11, shall include an adopted child and a natural child, but shall not include a stepchild.

\* \* \* \* \*

#### CREDITABLE SERVICE

##### SEC. 3. \* \* \*

\* \* \* \* \*

(k)(1) *An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions and agency contributions which would be applicable if he were in pay status. An employee who is on approved leave without pay and serving as a full-time officer or employee of such an organization on the date of enactment of this subsection may similarly elect within sixty days after such date of enactment. If the election and all payments provided by this paragraph are not made, the employee shall receive no credit for such periods of leave without pay occurring on or after date of enactment of this subsection, notwithstanding the provisions of the second sentence of section 3(c) of this Act.*

(2) *An employee may deposit with interest an amount equal to retirement deductions representing any period or periods of approved leave without pay while serving, prior to the date of enactment of this subsection, as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, and may receive full retirement credit for such period or periods of leave without pay. In the event of his death, a survivor as defined in section 1(o) of this Act may make such deposit. If the deposit described in this paragraph is not made in full, retirement credit shall be allowed in accordance with the second sentence of section 3(c) of this Act.*

\* \* \* \* \*

#### IMMEDIATE RETIREMENT

SEC. 6. (a) Any employee who attains the age of [sixty] *fifty-five* years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.

[(b) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service prior to attainment of the age of sixty years, be paid a reduced annuity computed as provided in section 9.]

(b) *Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.*

\* \* \* \* \*

## COMPUTATION OF ANNUITY

## SEC. 9. (a) \* \* \*

\* \* \* \* \*

[(d) The annuity as hereinbefore provided, for an employee retiring under section 6(b) or 6(d) or a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such employee or Member is under the age of sixty years at date of separation.]

*(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such Member is under the age of sixty years at date of separation.*

\* \* \* \* \*

## SURVIVOR ANNUITIES

SEC. 10. (a)(1) If an employee or Member dies after having retired under any provision of this Act and is survived by a wife or husband to whom the employee or Member was married at the time of retirement, such wife or husband shall be paid an annuity equal to 55 per centum of an annuity computed as provided in subsections (a), (b), (c), (d), (e), and (f) of section 9, as may apply with respect to the annuitant, or of such portion thereof as may have been designated in writing for such purpose by the employee or Member at the time of retirement, unless the employee or Member has notified the Commission in writing at the time of retirement that he does not desire his wife or husband to receive such annuity.

[(2) An annuity computed under this subsection shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's death or remarriage.]

*(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor's remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor's death or remarriage.*

(b) The annuity of a survivor designated under section 9(h) shall be 55 per centum of the reduced annuity computed as provided in subsections (a), (b), (c), (d), (e), (f), and (h) of section 9 as may apply with respect to the annuitant. The annuity of such survivor shall commence on the day after the retired employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before the survivor's death.

(c) If an employee or a Member dies after completing at least five years of civilian service, the widow or dependent widower of such employee or Member shall be paid an annuity equal to 55 per centum



of an annuity computed as provided in subsections (a), (b), (c), (e), and (f) of section 9 as may apply with respect to the employee or Member. **【**The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and such annuity or any right thereto shall terminate on the last day of the month before (1) death or remarriage of the widow or widower or (2) the widower's becoming capable of self-support.**】** *The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower's becoming capable of self-support.*

**【**(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of the Act, and is survived by a wife or by a husband, each surviving child who received more than one-half of his support from such employee or Member shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children. The child's annuity shall commence on the day after the employee or Member dies, and such annuity granted under this Act or under the Act of May 29, 1930, as amended from and after February 28, 1948, or any right thereto shall terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death, except that the annuity of a child who is a student as described in section 1(j) shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one. Upon the death of the surviving wife or husband or termination of the annuity of the child, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.**】**

*(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of this Act, and is survived by a wife or by a husband, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children, subject to the provisions of section 18. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children, subject to the provisions of section 18. The commencing date of a child's annuity under this Act or the Act of May 29, 1930, as amended from and after February 28, 1948, shall be deemed to be the day after the*

employee or Member dies, with payment beginning on that day or beginning or resuming on the first day of the month in which the child later becomes or again becomes a student as described in section 1(j), provided the lump-sum credit, if paid, is returned to the fund. Such annuity shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs. Upon the death of the surviving wife or husband or termination of the child's annuity, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member.

(e) In case a Member separated from service with title to a deferred annuity under this Act, either prior to, on, or after the effective date of the Civil Service Retirement Act Amendments of 1956, shall hereafter die before having established a valid claim for annuity and is survived by a wife or husband to whom married at date of separation, such surviving wife or husband (1) shall be paid an annuity equal to 55 per centum of the Member's deferred annuity commencing on the day after the Member's death and terminating on the last day of the month before death or remarriage of such surviving wife or husband or (2) may elect to receive a lump-sum credit in lieu of annuity if such wife or husband is the person who would be entitled to the lump-sum credit and files application therefor with the Commission prior to the award of such annuity.

(f) In the case of a surviving spouse whose annuity under this section is hereafter terminated because of remarriage before attaining age sixty, annuity at the same rate shall be restored commencing on the day such remarriage is dissolved by death, annulment, or divorce: Provided, That (1) said surviving spouse elects to receive such annuity in lieu of any survivor benefit to which he or she may be entitled, under this or any other retirement system established for employees of the Government, by reason of the remarriage and (2) any lump sum paid upon termination of the annuity is returned to the fund.

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## SECTION 18 OF THE CIVIL SERVICE RETIREMENT ACT (5 U.S.C. 2268)

\* \* \* \* \*

(g) Effective on (1) the first day of the second month after the enactment of this Act, or (2) the commencing date of annuity, whichever is later, the annuity of each surviving spouse whose entitlement to annuity payable from the civil service retirement and disability fund resulted from the death of:

- (A) an employee or Member prior to October 11, 1962, or
  - (B) a retired employee or Member whose retirement was based on a separation from service prior to October 11, 1962,
- shall be increased by 10 per centum.



**PARAGRAPH UNDER HEADING "SENATE" IN LEGISLATIVE  
APPROPRIATION ACT, 1956 (74 STAT. 304: PUBLIC LAW  
86-568)**

No officer or employee whose compensation is disbursed by the Secretary of the Senate shall be paid basic compensation at a rate in excess of \$8,880 per annum, or gross compensation at a rate in excess of **[\$23,770]** ~~\$24,460~~ per annum, unless expressly authorized by law.

## INDIVIDUAL VIEWS

In the Federal Salary Act of 1962, the Congress clearly write the policy of pay comparability of Federal employees to those in private business and industry. It is my firm belief, that this measure as passed by the House of Representatives, and unanimously agreed upon by the Senate Post Office and Civil Service Committee, clearly falls short of that commitment. The principle of comparability, which was set out in the Kennedy administration and was to have been followed by the Johnson administration, clearly has been violated.

Committee endorsement of H.R. 14122, calling for a meager 2.9 percent pay increase, breaks faith with union and Government employee representatives when it comes time to negotiate salary contracts. In effect, because of the administration's so-called 3.2 percent wage guideline limitation, all bargaining power and rights to negotiation have already been taken away. Now, it becomes an intriguing question as to just how long these various union and Government representatives will submit to this kind of treatment.

It is true that all sectors of the work force are suffering from the administration's imposed guidelines, but the people who are suffering the most are the ones who need it the most—the Federal worker, the worker who historically has been paid the least for his efforts. This raises still another important question, how can we expect public servants to be equal—on less than comparable pay?

It is possible for the private sector to circumvent these guideline limitations imposed by the President. However, the Government employee is not nearly as fortunate because of his unique position of having to bargain directly with the legislative branch of Government, which, in effect, is the President and the administration.

By creating this double standard between private employees and Government employees, much dissension has been created. Instead of improving the quality of the Government employee, these limitations have served to lessen chances for Government professionalism. It further tends to drive out Government professionals who can go into private industry and gain as much as a 25-percent salary increase. After all, duty to one's country can only be stretched so far, and that limit has already been tightened beyond reasonable expectation.

Although I fully supported H.R. 14122, in committee, and will do so again on the floor of the Senate, I want it to be known, that I am in complete disagreement with the concept of wage guidelines for Federal employees. I further believe that a more comprehensive and realistic approach should be used to remedy a situation which is long overdue and becoming increasingly worse.

VANCE HARTKE.









Calendar No. 1153

89TH CONGRESS  
2D SESSION

# H. R. 14122

[Report No. 1187]

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IN THE SENATE OF THE UNITED STATES

APRIL 13, 1966

Read twice and referred to the Committee on Post Office and Civil Service

MAY 26, 1966

Reported by Mr. MONRONEY, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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## AN ACT

To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the “Federal Salary and  
4       Fringe Benefits Act of 1966”.

5                       TITLE I—EXECUTIVE BRANCH

6                               SHORT TITLE

7       SEC. 101. This title may be cited as the “Federal Em-  
8       ployees Salary Act of 1966”.

1 EMPLOYEES SUBJECT TO CLASSIFICATION ACT OF 1949

2 SEC. 102. ~~(a)~~ Section 603 ~~(b)~~ of the Classification Act  
3 of 1949, as amended ~~(79 Stat. 1111; 5 U.S.C. 1113(b))~~,  
4 is amended to read as follows:

5 “~~(b)~~ The compensation schedule for the General  
6 Schedule shall be as follows:

“Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2-----	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3-----	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4-----	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5-----	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6-----	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7-----	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8-----	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9-----	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10-----	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11-----	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12-----	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13-----	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14-----	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15-----	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16-----	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	-----
GS-17-----	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----
GS-18-----	25,890	-----	-----	-----	-----	-----	-----	-----	-----	”.

7 ~~(b)~~ Except as provided in section 504 ~~(d)~~ of the Federal  
8 Salary Reform Act of 1962 ~~(78 Stat. 412; 5 U.S.C. 1173~~  
9 ~~(d))~~, the rates of basic compensation of officers and em-  
10 ployees to whom the compensation schedule set forth in sub-  
11 section ~~(a)~~ of this section applies shall be initially adjusted  
12 as of the effective date of this section, as follows:

13 ~~(1)~~ If the officer or employee is receiving basic  
14 compensation immediately prior to the effective date of  
15 this section at one of the rates of a grade in the General  
16 Schedule of the Classification Act of 1949, as amended,  
17 he shall receive a rate of basic compensation at the cor-  
18 responding rate in effect on and after such date.



1       ~~(2)~~ If the officer or employee is receiving basic  
2       compensation immediately prior to the effective date of  
3       this section at a rate between two rates of a grade in the  
4       General Schedule of the Classification Act of 1949, as  
5       amended, he shall receive a rate of basic compensation  
6       at the higher of the two corresponding rates in effect on  
7       and after such date.

8       ~~(3)~~ If the officer or employee is receiving basic  
9       compensation immediately prior to the effective date of  
10      this section at a rate in excess of the maximum rate for  
11      his grade, he shall receive ~~(A)~~ the maximum rate for  
12      his grade in the new schedule, or ~~(B)~~ his existing rate  
13      of basic compensation if such existing rate is higher.

14      ~~(4)~~ If the officer or employee, immediately prior  
15      to the effective date of this section, is receiving, pursuant  
16      to section 2(b)(4) of the Federal Employees Salary  
17      Increase Act of 1955, an existing aggregate rate of com-  
18      pensation determined under section 208(b) of the Act  
19      of September 1, 1954 (68 Stat. 1111), plus subsequent  
20      increases authorized by law, he shall receive an aggre-  
21      gate rate of compensation equal to the sum of his existing  
22      aggregate rate of compensation, on the day preceding the  
23      effective date of this section, plus the amount of increase  
24      made by this section in the maximum rate of his grade,  
25      until ~~(i)~~ he leaves his position, or ~~(ii)~~ he is entitled to

1 receive aggregate compensation at a higher rate by rea-  
 2 son of the operation of this Act or any other provision  
 3 of law; but, when such position becomes vacant, the  
 4 aggregate rate of compensation of any subsequent ap-  
 5 pointee thereto shall be fixed in accordance with appli-  
 6 cable provisions of law. Subject to clauses (i) and (ii)  
 7 of the immediately preceding sentence of this para-  
 8 graph, the amount of the increase provided by this sec-  
 9 tion shall be held and considered for the purposes of  
 10 section 208(b) of the Act of September 1, 1954, to  
 11 constitute a part of the existing rate of compensation  
 12 of the employee.

13 NEW APPOINTMENTS UNDER CLASSIFICATION ACT OF 1949

14 SEC. 103. Section 801 of the Classification Act of 1949,  
 15 as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new  
 16 appointments, is amended by striking out "grade 13" and  
 17 inserting in lieu thereof "grade 11".

18 POSTAL FIELD SERVICE EMPLOYEES

19 SEC. 104. (a) Section 3542(a) of title 39, United  
 20 States Code, is amended to read as follows:

21 "(a) There is established a basic compensation schedule  
 22 for positions in the postal field service which shall be known  
 23 as the Postal Field Service Schedule and for which the sym-  
 24 bol shall be 'PFS'. Except as provided in sections 3543 and



1 3544 of this title, basic compensation shall be paid to all  
2 employees in accordance with such schedule.

“POSTAL FIELD SERVICE SCHEDULE

“PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1-----	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2-----	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3-----	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4-----	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5-----	5,697	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6-----	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,143	8,346
7-----	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	-----
8-----	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203	-----	-----
9-----	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960	-----	-----
10-----	8,345	8,628	8,911	9,194	9,477	9,760	10,043	10,326	10,609	10,892	-----	-----
11-----	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056	-----	-----
12-----	10,202	10,549	10,896	11,243	11,590	11,937	12,284	12,631	12,978	13,325	-----	-----
13-----	11,274	11,663	12,052	12,441	12,830	13,219	13,608	13,997	14,386	14,775	-----	-----
14-----	12,427	12,859	13,291	13,723	14,155	14,587	15,019	15,451	15,883	16,315	-----	-----
15-----	13,736	14,210	14,684	15,158	15,632	16,106	16,580	17,054	17,528	18,002	-----	-----
16-----	15,179	15,707	16,235	16,763	17,291	17,819	18,347	18,875	19,403	19,931	-----	-----
17-----	16,793	17,380	17,967	18,554	19,141	19,728	20,315	20,902	21,489	22,076	-----	-----
18-----	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065	-----	-----
19-----	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320	-----	-----	-----	-----
20-----	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----	-----	”.

3 (b) Section 3543(a) of title 39, United States Code,  
4 is amended to read as follows:

5 “(a) There is established a basic compensation schedule  
6 which shall be known as the Rural Carrier Schedule and for  
7 which the symbol shall be ‘RCS’. Compensation shall be  
8 paid to rural carriers in accordance with this schedule.

“RURAL CARRIER SCHEDULE

	“Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum-----	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route-----	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles-----	25	25	25	25	25	25	25	25	25	25	25	25”.

9 (c) Section 3544(a) of title 39, United States Code,  
10 is amended to read as follows:

11 “(a) There is established a basic compensation sched-  
12 ule, which shall be known as the Fourth Class Office Sched-

1   ule and for which the symbol shall be 'FOS', for postmasters  
2   in post offices of the fourth class, which is based on the  
3   revenue units of the post office for the preeeding fiscal year.  
4   Basic compensation shall be paid to postmasters in post  
5   offices of the fourth class in accordance with this schedule.

"FOURTH CLASS OFFICE SCHEDULE												
"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36-----	\$4, 019	\$4, 152	\$4, 285	\$4, 418	\$4, 551	\$4, 684	\$4, 817	\$4, 950	\$5, 083	\$5, 216	\$5, 349	\$5, 482
24 but fewer than 30-----	3, 715	3, 837	3, 959	4, 081	4, 203	4, 325	4, 447	4, 569	4, 691	4, 813	4, 935	5, 057
18 but fewer than 24-----	3, 064	3, 168	3, 272	3, 376	3, 480	3, 584	3, 688	3, 792	3, 896	4, 000	4, 104	4, 208
12 but fewer than 18-----	2, 407	2, 485	2, 563	2, 641	2, 719	2, 797	2, 875	2, 953	3, 031	3, 109	3, 187	3, 265
6 but fewer than 12-----	1, 736	1, 791	1, 846	1, 901	1, 956	2, 011	2, 066	2, 121	2, 176	2, 231	2, 286	2, 341
Fewer than 6-----	1, 398	1, 443	1, 488	1, 533	1, 578	1, 623	1, 668	1, 713	1, 758	1, 803	1, 848	1, 893"

6       (d) The basic compensation of each employee subject  
7   to the Postal Field Service Schedule, the Rural Carrier  
8   Schedule, or the Fourth Class Office Schedule immediately  
9   prior to the effective date of this section shall be determined  
10   as follows:

11       (1) Each employee shall be assigned to the same  
12       numerical step for his position which he had attained  
13       immediately prior to such effective date. If changes in  
14       levels or steps would otherwise occur on such effective  
15       date without regard to enactment of this Act, such  
16       changes shall be deemed to have occurred prior to con-  
17       version.

18       (2) If the existing basic compensation is greater



than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND  
SURGERY OF THE VETERANS' ADMINISTRATION

SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

**“§ 4107. Grades and pay scales**

“(a) The per annum full pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

“SECTION 4103 SCHEDULE

“Assistant Chief Medical Director, \$25,890.

“Medical Director, \$22,760 minimum to \$25,800 maximum.

1       “Director of Nursing Service, \$17,550 minimum to  
2   \$23,013 maximum.

3       “Director of Chaplain Service, \$17,550 minimum to  
4   \$23,013 maximum.

5       “Chief Pharmacist, \$17,550 minimum to \$23,013  
6   maximum.

7       “Chief Dietitian, 17,550 minimum to \$23,013 maxi-  
8   mum.

9       “(b) (1) The grades and per annum full pay ranges for  
10   positions provided in paragraph (1) of section 4104 of this  
11   title shall be as follows:

12               “PHYSICIAN AND DENTIST SCHEDULE

13       “Director grade, \$20,075 minimum to \$25,435 maxi-  
14   mum.

15       “Executive grade, \$18,730 minimum to \$24,355 maxi-  
16   mum.

17       “Chief grade, \$17,550 minimum to \$23,013 maximum.

18       “Senior grade, \$15,106 minimum to \$19,813 maximum.

19       “Intermediate grade, \$12,873 minimum to \$16,905  
20   maximum.

21       “Full grade, \$10,927 minimum to \$14,338 maximum.

22       “Associate grade, \$9,221 minimum to \$12,056 maxi-  
23   mum.



1                                   ~~“NURSE SCHEDULE~~

2           ~~“Assistant Director grade, \$15,106 minimum to \$19,813~~  
3 ~~maximum.~~

4           ~~“Chief grade, \$12,873 minimum to \$16,905 maximum.~~

5           ~~“Senior grade, \$10,927 minimum to \$14,338 maximum.~~

6           ~~“Intermediate grade, \$9,221 minimum to \$12,056~~  
7 ~~maximum.~~

8           ~~“Full grade, \$7,696 minimum to \$10,045 maximum.~~

9           ~~“Associate grade, \$6,730 minimum to \$8,749 maximum.~~

10          ~~“Junior grade, \$5,867 minimum to \$7,649 maximum.~~

11          ~~“(2) No person may hold the director grade unless he~~  
12 ~~is serving as a director of a hospital, domiciliary, center,~~  
13 ~~or outpatient clinic (independent). No person may hold~~  
14 ~~the executive grade unless he holds the position of chief of~~  
15 ~~staff at a hospital, center, or outpatient clinic (independent),~~  
16 ~~or the position of clinic director at an outpatient clinic, or~~  
17 ~~comparable position.”~~

18           ~~FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND~~  
19                                   ~~EMPLOYEES~~

20           ~~SEC. 106. (a) The fourth sentence of section 412 of the~~  
21 ~~Foreign Service Act of 1946, as amended (22 U.S.C. 867),~~  
22 ~~is amended to read as follows: “The per annum salaries of~~

1 Foreign Service officers within each of the other classes shall  
 2 be as follows:

"Class 1.....	\$23,935	\$24,770	\$25,890				
Class 2.....	19,504	20,181	20,858	\$21,535	\$22,212	\$22,889	\$23,566
Class 3.....	15,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7.....	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729".

3 ~~(b)~~ The second sentence of subsection ~~(a)~~ of section  
 4 415 of such Act ~~(22 U.S.C. 870(a))~~ is amended to read as  
 5 follows: "The per annum salaries of such staff officers and  
 6 employees within each class shall be as follows:

"Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216".

7 ~~(c)~~ Foreign Service officers, Reserve officers, and For-  
 8 eign Service staff officers and employees who are entitled to  
 9 receive basic compensation immediately prior to the effective  
 10 date of this section at one of the rates provided by section  
 11 412 or 415 of the Foreign Service Act of 1946 shall receive  
 12 basic compensation, on and after such effective date, at the  
 13 rate of their class determined to be appropriate by the  
 14 Secretary of State.



## 1     AGRICULTURAL STABILIZATION AND CONSERVATION

## 2             COUNTY COMMITTEE EMPLOYEES

3     SEC. 107. The rates of compensation of persons em-  
4     ployed by the county committees established pursuant to  
5     section 8(b) of the Soil Conservation and Domestic Allot-  
6     ment Act (16 U.S.C. 590h(b)) shall be increased by  
7     amounts equal, as nearly as may be practicable, to the  
8     increases provided by section 102(a) of this title for cor-  
9     responding rates of compensation.

## 10     SALARY RATES FIXED BY ADMINISTRATIVE ACTION

11     SEC. 108. (a) The rates of basic compensation of assist-  
12     ant United States attorneys whose basic salaries are fixed  
13     pursuant to section 508 of title 28, United States Code, shall  
14     be increased, effective on the effective date of section 102  
15     of this title, by amounts equal, as nearly as may be prac-  
16     ticable, to the increases provided by section 102(a) of this  
17     title for corresponding rates of compensation.

18     (b) Notwithstanding section 3679 of the Revised  
19     Statutes, as amended (31 U.S.C. 665), the rates of com-  
20     pensation of officers and employees of the Federal Govern-

1 ment and of the municipal government of the District of  
 2 Columbia whose rates of compensation are fixed by adminis-  
 3 trative action pursuant to law and are not otherwise increased  
 4 by this Act are hereby authorized to be increased, effective  
 5 on the effective date of section 102 of this title, by amounts  
 6 not to exceed the increases provided by this title for cor-  
 7 responding rates of compensation in the appropriate schedule  
 8 or scale of pay.

9       (c) Nothing contained in this section shall be held or  
 10 considered to authorize any increase in the rates of com-  
 11 pensation of officers and employees whose rates of compen-  
 12 sation are fixed and adjusted from time to time as nearly  
 13 as is consistent with the public interest in accordance with  
 14 prevailing rates or practices.

15       (d) Nothing contained in this section shall affect the  
 16 authority contained in any law pursuant to which rates of  
 17 compensation may be fixed by administrative action.

#### 18 EFFECTIVE DATES

19       SEC. 109. This title shall become effective as follows:

20       (1) This section and sections 101, 103, and 108  
 21 shall become effective on the date of enactment of this  
 22 Act.

23       (2) Sections 102, 104, 105, 106, and 107 shall  
 24 become effective on the first day of the first pay period  
 25 which begins on or after July 1, 1966.



## 1 TITLE II—JUDICIAL BRANCH

## 2 SHORT TITLE

3 SEC. 201. This title may be cited as the “Federal Judi-  
4 cial Salary Act of 1966”.

## 5 JUDICIAL BRANCH EMPLOYEES

6 SEC. 202. (a) The rates of basic compensation of offi-  
7 cers and employees in or under the judicial branch of the  
8 Government whose rates of compensation are fixed by or  
9 pursuant to paragraph (2) of subdivision a of section 62 of  
10 the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3656  
11 of title 18, United States Code, the third sentence of section  
12 603, section 671 to 675, inclusive, or section 604(a)(5),  
13 of title 28, United States Code, insofar as the latter section  
14 applies to graded positions, are hereby increased by amounts  
15 reflecting the respective applicable increases provided by sec-  
16 tion 102(a) of title I of this Act in corresponding rates of  
17 compensation for officers and employees subject to the Classi-  
18 fication Act of 1949, as amended. The rates of basic com-  
19 pensation of officers and employees holding ungraded posi-  
20 tions and whose salaries are fixed pursuant to such section  
21 604(a)(5) may be increased by the amounts reflecting the  
22 respective applicable increases provided by section 102(a)  
23 of title I of this Act in corresponding rates of compensation  
24 for officers and employees subject to the Classification Act  
25 of 1949, as amended.

1       ~~(b)~~ The limitations provided by applicable law on  
2 the effective date of this section with respect to the aggregate  
3 salaries payable to secretaries and law clerks of circuit and  
4 district judges are hereby increased by amounts which re-  
5 flect the respective applicable increases provided by section  
6 ~~102(a)~~ of title I of this Act in corresponding rates of com-  
7 pensation for officers and employees subject to the Classifica-  
8 tion Act of 1949, as amended.

9       ~~(c)~~ Section 753(c) of title 28, United States Code (re-  
10 lating to the compensation of court reporters for district  
11 courts), is amended by striking out the existing salary limi-  
12 tation contained therein and inserting a new limitation  
13 which reflects the respective applicable increases provided by  
14 section ~~102(a)~~ of title I of this Act in corresponding rates  
15 of compensation for officers and employees subject to the  
16 Classification Act of 1949, as amended.

17                                       EFFECTIVE DATES

18       ~~SEC. 203.~~ This title shall become effective as follows:

19               ~~(1)~~ This section and section 201 shall become  
20 effective on the date of enactment of this Act.

21               ~~(2)~~ Section 202 shall become effective on the first  
22 day of the first pay period which begins on or after  
23 July 1, 1966.



## 1 TITLE III—LEGISLATIVE BRANCH

## 2 SHORT TITLE

3 SEC. 301. This title may be cited as the “Federal Legis-  
4 lative Salary Act of 1966”.

## 5 LEGISLATIVE BRANCH EMPLOYEES

6 SEC. 302. (a) Except as otherwise provided in this title,  
7 each officer or employee in or under the legislative branch of  
8 the Government, whose rate of compensation is increased by  
9 section 5 of the Federal Employees Pay Act of 1946, shall  
10 be paid additional compensation at the rate of 2.9 per centum  
11 of his gross rate of compensation (basic compensation plus  
12 additional compensation authorized by law).

13 (b) The total annual compensation in effect immediately  
14 prior to the effective date of this section of each officer or  
15 employee of the House of Representatives, whose compensa-  
16 tion is disbursed by the Clerk of the House of Representatives  
17 and is not increased by reason of any other provision of this  
18 section, shall be increased by 2.9 per centum. Notwithstand-  
19 ing section 303 of this title or any other provision of this  
20 section, the total annual compensation of the Clerk of the  
21 House of Representatives and the Sergeant at Arms of the  
22 House of Representatives, respectively, shall be an amount  
23 which is equal to the total annual compensation of the Secre-

1 tary of the Senate and the Sergeant at Arms of the Senate,  
2 respectively.

3       ~~(c)~~ The rates of compensation of employees of the  
4 House of Representatives whose compensation is fixed by  
5 the House Employees Schedule under the House Employees  
6 Position Classification Act ~~(78 Stat. 1079-1084; Public~~  
7 ~~Law 88-652; 2 U.S.C. 291-303)~~, including each employee  
8 subject to such Act whose compensation is fixed at a saved  
9 rate, are hereby increased by amounts equal, as nearly as  
10 may be practicable, to the increases provided by subsection  
11 ~~(a)~~ of this section.

12       ~~(d)~~ The additional compensation provided by this  
13 section shall be considered a part of basic compensation for  
14 the purposes of the Civil Service Retirement Act ~~(5 U.S.C.~~  
15 ~~2251 and following)~~.

16       ~~(e)~~ This section shall not apply with respect to the  
17 compensation of student congressional interns authorized by  
18 House Resolution 416, Eighty-ninth Congress, and the com-  
19 pensation of employees whose compensation is fixed by the  
20 House Wage Schedule under the House Employees Position  
21 Classification Act.

22                               SALARY INCREASE LIMITATION

23       ~~SEC. 303.~~ No rate of compensation shall be increased,  
24 by reason of the enactment of this title, to an amount in



1 excess of the salary rate now or hereafter in effect for  
2 level V of the Federal Executive Salary Schedule.

3 EFFECTIVE DATES

4 SEC. 303. This title shall become effective as follows:

5       (1) This section and section 301 shall become effec-  
6 tive on the date of enactment of this Act.

7       (2) Sections 302 and 303 shall become effective on  
8 the first day of the first pay period which begins on or  
9 after July 1, 1966.

10 TITLE IV—MISCELLANEOUS PROVISIONS

11 SALARY STEPS FOR CERTAIN EMPLOYEES TRANSFERRED  
12 TO POSTAL FIELD SERVICE

13 SEC. 401. Section 3551 of title 39, United States Code,  
14 is amended by adding at the end thereof the following new  
15 subsection:

16       “(e) The Postmaster General may appoint or advance  
17 any Federal employee who, together with his function, is  
18 transferred, prior to, on, or after the date of enactment of this  
19 subsection, to a post office or other postal installation at or  
20 to (1) the minimum rate for his position, or (2) any higher  
21 rate for his position which is less than one full step above the  
22 highest rate of compensation received by him immediately  
23 prior to such transfer.”

## 1 POSTAL SENIORITY ADJUSTMENTS

2 SEC. 402. Section 3552(d) of title 39, United States  
3 Code, is amended to read as follows:

4 “(d) Notwithstanding any other provision of this sec-  
5 tion, the Postmaster General shall advance any employee in  
6 the postal field service who—

7 “(1) was promoted to a higher level between July  
8 9, 1960, and October 13, 1962; and

9 “(2) is senior with respect to total postal service  
10 to an employee in the same post office promoted to the  
11 same level on or after October 13, 1962, and is in a  
12 step in the same level below the step of the junior  
13 employee.

14 Such advancement by the Postmaster General shall be to the  
15 highest step which is held by any such junior employee.  
16 Any increase under the provisions of this subsection shall not  
17 constitute an equivalent increase and credit earned prior to  
18 adjustment under this subsection for advancement to the  
19 next step shall be retained.”

## 20 SPECIAL DELIVERY MESSENGERS

21 SEC. 403. Section 3542(e) of title 39, United States  
22 Code, is amended—



(1) by striking out “7 cents per mile or major fraction thereof” and inserting in lieu thereof “10 cents per mile or major fraction thereof”; and

(2) by striking out “90 cents per hour” and inserting in lieu thereof “\$1.25 per hour”.

#### OVERTIME

SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

(1) by inserting “or in excess of eight hours in a day” immediately following “in excess of forty hours in any administrative workweek”; and

(2) by striking out “grade GS-9”, wherever occurring therein, and inserting in lieu thereof “grade GS-10”.

(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out “grade GS-9” and inserting in lieu thereof “grade GS-10”.

(c) Subsections (b) and (e) of section 3573 of title 39, United States Code, are amended by striking out “level PFS-7” and “level PFS-8”, wherever appearing therein, and inserting in lieu thereof “level PFS-10” and “level PFS-11”, respectively.

~~(d) Subsection (a) of section 3575 of title 39, United States Code, is amended to read as follows:~~

3       “(a) Sections 3571, 3573, and 3574 of this title do not  
4       apply to postmasters, rural carriers, and postal inspectors.”

5 ~~SUNDAY PREMIUM PAY~~

6        SEC. 405. (a) The heading of title III of the Federal  
7   Employees Pay Act of 1945, as amended, is amended to  
8   read as follows:

9           ~~“TITLE III—COMPENSATION FOR NIGHT,~~  
10           ~~SUNDAY, AND HOLIDAY WORK”~~

11        ~~(b) Section 302 of such Act, as amended (5 U.S.C.~~  
12    ~~922), is redesignated as section 303 of such Act.~~

13       ~~(e)~~ Title III of such Act, as amended (5 U.S.C. 921  
14   and following), is amended by inserting immediately follow-  
15   ing section 301 thereof the following:

16                   “COMPENSATION FOR SUNDAY WORK

17       “SEC. 302. All work not exceeding eight hours which  
18   is not overtime work as defined in section 201 of this Act  
19   and which is performed within the period commencing at  
20   midnight Saturday and ending at midnight Sunday shall be  
21   compensated at the rate of basic compensation of the officer  
22   or employee performing such work on Sunday plus premium  
23   compensation at a rate equal to 25 per centum of his rate  
24   of basic compensation.”

25      ~~(d) Section 401 (1) of such Act, as amended (5 U.S.C.~~



1 926(1)), is amended by inserting “, Sunday,” immediately  
 2 following the word “night”.

3 (c) Section 401(2) of such Act, as amended (5 U.S.C.  
 4 926(2)), is amended by inserting “, on Sundays,” imme-  
 5 diately following the words “duty at night”.

6 (f) The first paragraph of section 23 of the Independent  
 7 Offices Appropriation Act, 1935, as amended (5 U.S.C.  
 8 673e), is amended by inserting immediately before the period  
 9 at the end thereof the following: “: *Provided further*, That  
 10 employees subject to this section whose regular work sched-  
 11 ule includes an eight-hour period of service any part of which  
 12 is within the period commencing at midnight Saturday and  
 13 ending at midnight Sunday shall be paid extra compensation  
 14 at the rate of 25 per centum of his hourly rate of basic com-  
 15 pensation for each hour of work performed during such  
 16 eight-hour period of service”.

17 HEALTH AND INSURANCE COVERAGE FOR CERTAIN EM-  
 18 PLOYEES ON LEAVE WITHOUT PAY

19 SEC. 406. (a) Section 6 of the Federal Employees’  
 20 Group Life Insurance Act of 1954, as amended (5 U.S.C.  
 21 2095), is amended by adding at the end thereof the follow-  
 22 ing new subsection:

23 “(d) Notwithstanding the foregoing, an officer or em-  
 24 ployee who enters on approved leave without pay to serve  
 25 as a full-time officer or employee of an organization composed

1 primarily of employees, as defined in section 2 of this Act,  
 2 may, within sixty days after entering on such leave without  
 3 pay, elect to continue his insurance and arrange to pay cur-  
 4 rently into the fund, through his employing agency, both  
 5 employee and agency contributions. If he does not so elect,  
 6 his insurance will continue during nonpay status and termi-  
 7 nate as provided in subsection (a) of this section. The  
 8 employing agency shall forward the premium payments to  
 9 the fund established by section 5 of this Act."

10 (b) Section 7(b) of the Federal Employees Health  
 11 Benefits Act of 1959, as amended (5 U.S.C. 3006(b)), is  
 12 amended—

13 (1) by inserting "(1)" immediately following  
 14 "(b)"; and

15 (2) by adding at the end thereof the following new  
 16 paragraph:

17 "(2) An employee who enters on approved leave with-  
 18 out pay to serve as a full-time officer or employee of an or-  
 19 ganization composed primarily of employees, as defined in  
 20 section 2 of this Act, may, within sixty days after entering  
 21 on such leave without pay, file with his employing agency  
 22 an election to continue his health benefits coverage and  
 23 arrange to pay currently into the fund, through his em-  
 24 ploying agency, both employee and agency contributions.  
 25 If he does not so elect, his coverage will terminate as spec-



1 ified in paragraph (1) and implementing regulations. The  
2 employing agency shall forward the enrollment charges so  
3 paid to the fund."

4 (c) An officer or employee who is on approved leave  
5 without pay and serving as a full-time officer or employee  
6 of an organization composed primarily of employees, as de-  
7 fined in section 2 of the Federal Employees' Group Life In-  
8 surance Act of 1954, as amended (5 U.S.C. 2091), or sec-  
9 tion 2 of the Federal Employees Health Benefits Act of  
10 1959, as amended (5 U.S.C. 3001), as the case may be,  
11 may, within sixty days after the date of enactment of this  
12 Act, file with his employing agency an election to continue  
13 any insurance, or health benefits coverage, or both, that he  
14 has on the date of enactment of this Act, and arrange  
15 to pay currently into the employees' life insurance fund  
16 and the employees' health benefits fund, as appropriate,  
17 both employee and agency contributions. The employ-  
18 ing agency shall forward such payments to the em-  
19 ployees' life insurance fund and the employees' health bene-  
20 fits fund, as appropriate. If he does not so elect, any life  
21 insurance and health benefits coverage will continue and  
22 terminate as for other employees in nonpay status.

23 (d) The United States Civil Service Commission is  
24 authorized to issue regulations to carry out the purposes of  
25 this section and the amendments made by this section.

## 1                    INCREASE IN UNIFORM ALLOWANCES

2            SEC. 407. The Federal Employees Uniform Allowance  
3 Act, as amended (5 U.S.C. 2131-2133), is amended by  
4 adding at the end thereof the following new section:

5            “SEC. 405. Notwithstanding any other provision of this  
6 title, each of the respective maximum uniform allowances in  
7 effect on April 1, 1966, for the respective categories of em-  
8 ployees to whom uniform allowances are paid under this  
9 title are hereby increased, subject to the maximum allow-  
10 ance authorized by this title, as follows:

11            “(1) If the maximum uniform allowance is \$100  
12 or more, such allowance shall be increased by 25 per  
13 centum.

14            “(2) If the maximum uniform allowance is \$75 or  
15 more but less than \$100, such allowance shall be in-  
16 creased by 30 per centum.

17            “(3) If the maximum uniform allowance is \$50 or  
18 more but less than \$75, such allowance shall be increased  
19 by 35 per centum.

20            “(4) If the maximum uniform allowance is less  
21 than \$50, such allowance shall be increased by 40 per  
22 centum.

23 Such maximum uniform allowances, as in effect on April 1,  
24 1966, and as increased by this section, shall not be reduced.”



## EFFECTIVE DATES

SEC. 408. This title shall become effective as follows:

(1) This section and sections 401, 402, 406, and 407 shall become effective on the date of enactment of this Act.

(2) Sections 403, 404, and 405 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

## TITLE V—CIVIL SERVICE RETIREMENT

## SHORT TITLE

SEC. 501. This title may be cited as the "Civil Service Retirement Act Amendments of 1966".

## DEFINITIONS

SEC. 502. Section 1(j) of the Civil Service Retirement Act (5 U.S.C. 2251(j)) is amended to read as follows:

"(j) The term 'child', for purposes of section 10(d), shall mean an unmarried child, including (1) an adopted child, and (2) a stepchild or recognized natural child who lived with the employee or Member in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support, or such unmarried child between eighteen

1 and twenty-two years of age who is a student regularly pur-  
2 suing a full-time course of study or training in residence in a  
3 high school, trade school, technical or vocational institute,  
4 junior college, college, university, or comparable recognized  
5 educational institution. A child who is a student shall not be  
6 deemed to have ceased to be a student during any interim  
7 between school years, semesters, or terms if the interim, or  
8 other period of nonattendance, does not exceed four calendar  
9 months and if he shows to the satisfaction of the Commission  
10 that he has a bona fide intention of continuing to pursue such  
11 course during the school year, semester, or term immediately  
12 following the interim. The term 'child', for purposes of sec-  
13 tion 11, shall include an adopted child and a natural child,  
14 but shall not include a stepchild."

15 RETIREMENT COVERAGE FOR CERTAIN EMPLOYEES ON  
16 LEAVE WITHOUT PAY

17 SEC. 503. Section 3 of the Civil Service Retirement  
18 Act (~~5 U.S.C. 2253~~) is amended by adding at the end  
19 thereof the following new subsection:

20 "(k)(1) An employee who enters on approved leave  
21 without pay to serve as a full-time officer or employee of an  
22 organization composed primarily of employees as defined in  
23 section 1(a) of this Act, may, within sixty days after enter-  
24 ing on such leave without pay, file with his employing



1 agency an election to receive full retirement credit for his  
2 periods of such leave without pay and arrange to pay cur-  
3 rently into the fund, through his employing agency, amounts  
4 equal to the retirement deductions which would be applicable  
5 if he were in pay status. An employee who is on approved  
6 leave without pay and serving as a full-time officer or em-  
7 ployee of such an organization on the date of enactment of  
8 this subsection may similarly elect within sixty days after  
9 such date of enactment. If the election provided by this  
10 paragraph is not made, the employee shall receive credit  
11 for such periods of leave without pay as provided in the sec-  
12 ond sentence of section 3(c) of this Act.

13 “(2) An employee may deposit with interest an amount  
14 equal to retirement deductions representing periods of ap-  
15 proved leave without pay while serving, prior to the date  
16 of enactment of this subsection, as a full-time officer or  
17 employee of an organization composed primarily of em-  
18 ployees, as defined in section 1(a) of this Act, and may  
19 receive full retirement credit for such periods of leave with-  
20 out pay. In the event of his death, a survivor as defined in  
21 section 1(o) of this Act may make such deposit. If the  
22 deposit described in this paragraph is not made, retirement  
23 credit shall be allowed in accordance with the second sen-  
24 tence of section 3(c) of this Act.”

**1** ~~IMMEDIATE RETIREMENT~~

2        SEC. 504. ~~(a) Section 6(a) of the Civil Service Retirement~~  
3    ~~Act (5 U.S.C. 2256(a)) is amended to read as~~  
4    ~~follows:~~

5       “(a) Any employee who attains the age of fifty-five  
6   years and completes thirty years of service shall, upon sep-  
7   aration from the service, be paid an annuity computed as  
8   provided in section 9.”

9        ~~(b) Section 6(b) of such Act (5 U.S.C. 2256(b)) is~~  
10    amended to read as follows:

11           “(b) Any employee who attains the age of sixty years  
12   and completes twenty years of service shall, upon separation  
13   from the service, be paid an annuity computed as provided  
14   in section 9.”

15       ~~(e) Section 6(f) of such Act (5 U.S.C. 2256(f)) is~~  
16       amended—

17           ~~(1)~~ by inserting in the third sentence thereof im-  
18           mediately following the words "Any Member" the  
19           words "or former Member"; and

(2) by adding immediately following the third sentence thereof the following new sentence: "For the purposes of the immediately preceding sentence, service in an office or position in the executive branch of the Government of the United States, including each corporation owned or controlled by such Government, which



terminates after March 31, 1966, shall be held and considered to be Member service.”

### ANNUITY COMPUTATION

SEC. 505: (a) Section 9(c) of the Civil Service Retirement Act (5 U.S.C. 2259(c)) is amended by striking out in the second sentence thereof the words “from the service” and inserting in lieu thereof “or, if he elects to have his annuity computed or recomputed pursuant to section 13(c) of this Act following service in an appointive position which terminates after March 31, 1966, the basic salary he is receiving at the time of separation from such appointive position, whichever is the greater”.

(b) Section 9(b) of such Act (5 U.S.C. 2259(d)) is amended to read as follows:

“(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation.—The annuity as hereinbefore provided, for a Member retiring under the second and third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such Member is under the age of sixty years at date of separation.”

## 1 SURVIVOR ANNUITIES

2 SEC. 506. ~~(a)~~ Section 10(a)(2) of the Civil Service  
3 Retirement Act ~~(5 U.S.C. 2260(a)(2))~~ is amended to read  
4 as follows:

5 “~~(2)~~ An annuity computed under this subsection shall  
6 commence on the day after the retired employee dies, and  
7 such annuity or any right thereto shall terminate on the last  
8 day of the month before ~~(A)~~ in the case of the survivor of  
9 a retired employee, the survivor's remarriage prior to attain-  
10 ing age sixty, or death or ~~(B)~~ in the case of the survivor of  
11 a Member, the survivor's death or remarriage.”

12 ~~(b)~~ The last sentence of section 10(e) of such Act ~~(5~~  
13 ~~U.S.C. 2260(e))~~ is amended to read as follows: “The an-  
14 nuity of such widow or dependent widower shall commence  
15 on the day after the employee or Member dies, and an  
16 annuity under this subsection or any right thereto shall  
17 terminate on the last day of the month before ~~(1)~~ the death  
18 of the widow or widower, ~~(2)~~ remarriage or the widow or  
19 widower of an employee prior to attaining age sixty, ~~(3)~~ re-  
20 marriage of the widow or widower of a Member regardless  
21 of age, or ~~(4)~~ the widower's becoming capable of self-  
22 support.”

23 ~~(c)~~ Section 10(d) of such Act ~~(5 U.S.C. 2260(d))~~  
24 is amended to read as follows:

25 “~~(d)~~ If an employee or a Member dies after complet-



1 ing at least five years of civilian service, or an employee or a  
2 Member dies after having retired under any provision of this  
3 Act, and is survived by a wife or by a husband, each sur-  
4 viving child shall be paid an annuity equal to the smallest  
5 of ~~(1)~~ 40 per centum of the employee's or Member's aver-  
6 age salary divided by the number of children, ~~(2)~~ \$600, or  
7 ~~(3)~~ \$1,800 divided by the number of children, subject to  
8 the provisions of section 18. If such employee or Member  
9 is not survived by a wife or husband, each surviving child  
10 shall be paid an annuity equal to the smallest of ~~(1)~~ 50 per  
11 centum of the employee's or Member's average salary  
12 divided by the number of children, ~~(2)~~ \$720, or ~~(3)~~ \$2,160  
13 divided by the number of children, subject to the provisions  
14 of section 18. The child's annuity shall commence on the  
15 day after the employee or Member dies or the first day of  
16 the month in which the child later becomes or again becomes  
17 a student as described in section 1-(j), provided the lump-  
18 sum credit, if paid, is returned to the fund. Such annuity  
19 granted under this Act or under the Act of May 29, 1930,  
20 as amended from and after February 28, 1948, or any right  
21 thereto shall terminate on the last day of the month before  
22 ~~(1)~~ the child's attaining age eighteen unless he is then a  
23 student as described or incapable of self-support, ~~(2)~~ his  
24 becoming capable of self-support after attaining age eighteen  
25 unless he is then such a student, ~~(3)~~ his attaining age

1 twenty-two if he is then such a student and not incapable  
2 of self-support, ~~(4)~~ his ceasing to be such a student after  
3 attaining age eighteen unless he is then incapable of self-  
4 support, ~~(5)~~ his marriage, or ~~(6)~~ his death, whichever first  
5 occurs. Upon the death of the surviving wife or husband  
6 or termination of the child's annuity, the annuity of any  
7 other child or children shall be recomputed and paid as  
8 though such wife, husband, or child had not survived the  
9 employee or Member."

10       ~~(d)~~ Section 10 of such Act ~~(5 U.S.C. 2260)~~ is amended  
11 by adding at the end thereof the following subsection:

12       ~~"(f)~~ In the case of a surviving spouse whose annuity  
13 under this section is hereafter terminated because of remar-  
14 riage before attaining age sixty, annuity at the same rate  
15 shall be restored commencing on the day such remarriage  
16 is dissolved by death, annulment, or divorce: *Provided*, That  
17 ~~(1)~~ said surviving spouse elects to receive such annuity  
18 in lieu of any survivor benefit to which he or she may be  
19 entitled under this or any other retirement system established  
20 for employees of the Government, by reason of the remarriage  
21 and ~~(2)~~ any lump sum paid upon termination of the annuity  
22 is returned to the fund."



## RECOMPUTATION OF CERTAIN ANNUITIES

SEC. 507. Effective July 1, 1966, the annuity of—

(1) each retired employee who retired under the Civil Service Retirement Act on or after April 1, 1948, and prior to October 11, 1962, and who elected a reduction in his or her annuity in order to provide a survivor annuity for his or her spouse;

(2) each survivor designated by an individual who retired under such Act as described in subparagraph (1) of this section; and

(3) each surviving spouse whose entitlement to annuity under such Act resulted from the death of an employee on or after February 29, 1948, and prior to October 11, 1962,

shall be recomputed and paid as if the formula enacted by section 1103 of the Postal Service and Federal Employees Salary Act of 1962 (76 Stat. 870; Public Law 87-793) had been in effect on the date of such retirement or death. No decrease shall be made, by reason of the enactment of this section, in the annuity received by any person immediately prior to July 1, 1966, or the annuity which any person may

1 be entitled to receive immediately prior to such date. The  
 2 annuity of a child shall not be affected by reason of the  
 3 enactment of this section. No annuity shall be paid, by rea-  
 4 son of the enactment of this section, for any period prior to  
 5 the date of such enactment.

#### 6 EFFECTIVE DATES

7 SEC. 508. (a) Except as otherwise provided, this sec-  
 8 tion, section 507, section 509, and subsection 1(j), 3(k),  
 9 6(a), 6(b), 6(f), 9(e), 9(d), 10(a)(2), 10(e), 10(d),  
 10 and 10(f) of the Civil Service Retirement Act, as enacted  
 11 or amended by this title, shall become effective on the date  
 12 of enactment of this Act.

13 (b) The amendments made by this title, except the  
 14 amendment to section 1(j) of the Civil Service Retirement  
 15 Act, shall not apply in the cases of persons retired or other-  
 16 wise separated prior to these respective effective dates, and  
 17 the rights of such persons and their survivors shall continue  
 18 in the same manner and to the same extent as if this title  
 19 had not been enacted.

20 (c) The amendment made by this title to section 1(j)  
 21 of the Civil Service Retirement Act shall become effective  
 22 with respect to the children of persons retired or otherwise  
 23 separated prior to, on, or after the date of enactment of this  
 24 Act, except that no annuity shall be paid by reason of this  
 25 amendment for any period prior to the date of its enactment.



## MISCELLANEOUS

SEC. 509. The provisions under the heading "CIVIL SERVICE RETIREMENT AND DISABILITY FUND" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

## TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS

## GOVERNMENT CONTRIBUTIONS

SEC. 601. Subsection (a) of section 7 of the Federal Employees Health Benefits Act of 1959, as amended (73 Stat. 713; 5 U.S.C. 3006(a)), is amended to read as follows:

"(a)(1) Except as provided in paragraph (2) of this subsection, the biweekly Government contribution for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family, commencing with the first pay period beginning on or after July 1, 1966.

"(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall

1 be 50 per centum of the subscription charge, commencing  
2 with the first pay period beginning on or after July 1, 1966.”  
3 That this Act may be cited as the “Federal Salary and  
4 Fringe Benefits Act of 1966”.

5 TITLE I—EXECUTIVE BRANCH

6 SHORT TITLE

7 SEC. 101. This title may be cited as the “Federal Em-  
8 ployees Salary Act of 1966”.

9 EMPLOYEES SUBJECT TO CLASSIFICATION ACT OF 1949

10 SEC. 102. (a) Section 603(b) of the Classification Act  
11 of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113(b)),  
12 is amended to read as follows:

13 “(b) The compensation schedule for the General  
14 Schedule shall be as follows:

“Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2.....	3,925	4,053	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3.....	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5.....	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6.....	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8.....	7,063	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9.....	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10.....	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11.....	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12.....	10,027	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14.....	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15.....	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16.....	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	-----
GS-17.....	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----
GS-18.....	25,890	-----	-----	-----	-----	-----	-----	-----	-----	”.

15 (b) Except as provided in section 504(d) of the Fed-  
16 eral Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C.  
17 1173(d)), the rates of basic compensation of officers and  
18 employees to whom the compensation schedule set forth in



1 subsection (a) of this section applies shall be initially ad-  
2 justed as of the effective date of this section, as follows:

3       (1) If the officer or employee is receiving basic  
4 compensation immediately prior to the effective date of  
5 this section at one of the rates of a grade in the General  
6 Schedule of the Classification Act of 1949, as amended,  
7 he shall receive a rate of basic compensation at the cor-  
8 responding rate in effect on and after such date.

9       (2) If the officer or employee is receiving basic  
10 compensation immediately prior to the effective date of  
11 this section at a rate between two rates of a grade in the  
12 General Schedule of the Classification Act of 1949, as  
13 amended, he shall receive a rate of basic compensation  
14 at the higher of the two corresponding rates in effect on  
15 and after such date.

16       (3) If the officer or employee is receiving basic  
17 compensation immediately prior to the effective date of  
18 this section at a rate in excess of the maximum rate for  
19 his grade, he shall receive (A) the maximum rate for  
20 his grade in the new schedule, or (B) his existing rate  
21 of basic compensation if such existing rate is higher.

22       (4) If the officer or employee, immediately prior  
23 to the effective date of this section, is receiving, pursuant  
24 to section 2(b)(4) of the Federal Employees Salary

1        *Increase Act of 1955, an existing aggregate rate of com-*  
2        *penetration determined under section 208(b) of the Act*  
3        *of September 1, 1954 (68 Stat. 1111), plus subsequent*  
4        *increases authorized by law, he shall receive an aggre-*  
5        *gate rate of compensation equal to the sum of his existing*  
6        *aggregate rate of compensation, on the day preceding the*  
7        *effective date of this section, plus the amount of increase*  
8        *made by this section in the maximum rate of his grade,*  
9        *until (i) he leaves his position, or (ii) he is entitled to*  
10       *receive aggregate compensation at a higher rate by rea-*  
11       *son of the operation of this Act or any other provision*  
12       *of law; but, when such position becomes vacant, the*  
13       *aggregate rate of compensation of any subsequent ap-*  
14       *pointee thereto shall be fixed in accordance with appli-*  
15       *cable provisions of law. Subject to clauses (i) and (ii)*  
16       *of the immediately preceding sentence of this para-*  
17       *graph, the amount of the increase provided by this sec-*  
18       *tion shall be held and considered for the purposes of*  
19       *section 208(b) of the Act of September 1, 1954, to*  
20       *constitute a part of the existing rate of compensation*  
21       *of the employee.*



1 NEW APPOINTMENTS UNDER CLASSIFICATION ACT OF 1946  
2 SEC. 103. Section 801 of the Classification Act of 1949,  
3 as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new  
4 appointments, is amended by striking out "grade 13" and  
5 inserting in lieu thereof "grade 11".

6 POSTAL FIELD SERVICE EMPLOYEES

7 SEC. 104. (a) Section 3542(a) of title 39, United  
8 States Code, is amended to read as follows:

9 "(a) There is established a basic compensation schedule  
10 for positions in the postal field service which shall be known  
11 as the Postal Field Service Schedule and for which the sym-  
12 bol shall be 'PFS'. Except as provided in sections 3543 and  
13 3544 of this title, basic compensation shall be paid to all  
14 employees in accordance with such schedule.

"POSTAL FIELD SERVICE SCHEDULE

"PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1	\$4,204	\$4,243	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5	5,697	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,143	8,346
7	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	
8	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203		
9	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960		
10	8,345	8,628	8,911	9,194	9,477	9,760	10,043	10,326	10,609	10,892		
11	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056		
12	10,202	10,549	10,896	11,243	11,590	11,937	12,284	12,631	12,978	13,325		
13	11,274	11,663	12,052	12,441	12,830	13,219	13,608	13,997	14,386	14,775		
14	12,427	12,859	13,291	13,723	14,155	14,587	15,019	15,451	15,883	16,315		
15	13,756	14,210	14,684	15,158	15,632	16,106	16,580	17,054	17,528	18,002		
16	15,179	15,707	16,235	16,763	17,291	17,819	18,347	18,875	19,403	19,931		
17	16,793	17,380	17,967	18,554	19,141	19,728	20,315	20,902	21,489	22,076		
18	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065		
19	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320				
20	22,760	23,520	24,280	25,040	25,800							"

1           (b) Section 3543(a) of title 39, United States Code,  
2 is amended to read as follows:

3           “(a) There is established a basic compensation schedule  
4 which shall be known as the Rural Carrier Schedule and for  
5 which the symbol shall be ‘RCS’. Compensation shall be  
6 paid to rural carriers in accordance with this schedule.

“RURAL CARRIER SCHEDULE

	“Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service: Fixed compensation per annum-----	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route-----	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles-----	25	25	25	25	25	25	25	25	25	25	25	25”.

7           (c) Section 3544(a) of title 39, United States Code,  
8 is amended to read as follows:

9           “(a) There is established a basic compensation sched-  
10 ule, which shall be known as the Fourth Class Office Sched-  
11 ule and for which the symbol shall be ‘FOS’, for postmasters  
12 in post offices of the fourth class, which is based on the reve-  
13 nue units of the post office for the preceding fiscal year.  
14 Basic compensation shall be paid to postmasters in post  
15 offices of the fourth class in accordance with this schedule.

“FOURTH CLASS OFFICE SCHEDULE

“Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36-----	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30-----	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24-----	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 18-----	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12-----	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6-----	1,598	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893”.



1       (d) *The basic compensation of each employee subject*  
2 *to the Postal Field Service Schedule, the Rural Carrier*  
3 *Schedule, or the Fourth Class Office Schedule immediately*  
4 *prior to the effective date of this section shall be determined*  
5 *as follows:*

6           (1) *Each employee shall be assigned to the same*  
7 *numerical step for his position which he had attained*  
8 *immediately prior to such effective date. If changes in*  
9 *levels or steps would otherwise occur on such effective*  
10 *date without regard to enactment of this Act, such*  
11 *changes shall be deemed to have occurred prior to con-*  
12 *version.*

13           (2) *If the existing basic compensation is greater*  
14 *than the rate to which the employee is converted under*  
15 *paragraph (1) of this subsection, the employee shall be*  
16 *placed in the lowest step which exceeds his basic com-*  
17 *pen-sation. If the existing basic compensation exceeds*  
18 *the maximum step of his position, his existing basic com-*  
19 *pen-sation shall be established as his basic compensation.*

20 *EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND*

21 *SURGERY OF THE VETERANS' ADMINISTRATION*

22 *SEC. 105. Section 4107 of title 38, United States Code,*  
23 *relating to grades and pay scales for certain positions within*

1 *the Department of Medicine and Surgery of the Veterans'*  
 2 *Administration, is amended to read as follows:*

3 **“§ 4107. Grades and pay scales**

4       “(a) *The per annum full-pay scale or ranges for posi-*  
 5 *tions provided in section 4103 of this title, other than Chief*  
 6 *Medical Director and Deputy Chief Medical Director, shall*  
 7 *be as follows:*

8                               **“SECTION 4103 SCHEDULE**

9       “*Assistant Chief Medical Director, \$25,890.*

10       “*Medical Director, \$22,760 minimum to \$25,800*  
 11 *maximum.*

12       “*Director of Nursing Service, \$17,550 minimum to*  
 13 *\$23,013 maximum.*

14       “*Director of Chaplain Service, \$17,550 minimum to*  
 15 *\$23,013 maximum.*

16       “*Chief Pharmacist, \$17,550 minimum to \$23,013*  
 17 *maximum.*

18       “*Chief Dietitian, \$17,550, minimum to \$23,013 maxi-*  
 19 *mum.*

20       “(b)(1) *The grades and per annum full-pay ranges for*  
 21 *positions provided in paragraph (1) of section 4104 of this*  
 22 *title shall be as follows:*

23                               **“PHYSICIAN AND DENTIST SCHEDULE**

24       “*Director grade, \$20,075 minimum to \$25,435 maxi-*  
 25 *mum.*



1       *“Executive grade, \$18,730 minimum to \$24,355 maxi-*  
2 *um.*

3       *“Chief grade, \$17,550 minimum to \$23,013 maximum.*

4       *“Senior grade, \$15,106 minimum to \$19,813 maximum.*

5       *“Intermediate grade, \$12,873 minimum to \$16,905*  
6 *maximum.*

7       *“Full grade, \$10,927 minimum to \$14,338 maximum.*

8       *“Associate grade, \$9,221 minimum to \$12,056 maxi-*  
9 *um.*

10                   *“NURSE SCHEDULE*

11       *“Assistant Director grade, \$15,106 minimum to \$19,813*  
12 *maximum.*

13       *“Chief grade, \$12,873 minimum to \$16,905 maximum.*

14       *“Senior grade, \$10,927 minimum to \$14,338 maximum.*

15       *“Intermediate grade, \$9,221 minimum to \$12,056*  
16 *maximum.*

17       *“Full grade, \$7,696 minimum to \$10,045 maximum.*

18       *“Associate grade, \$6,730 minimum to \$8,749 maximum.*

19       *“Junior grade, \$5,867 minimum to \$7,649 maximum.*

20       *“(2) No person may hold the director grade unless he*  
21 *is serving as a director of a hospital, domiciliary, center,*  
22 *or outpatient clinic (independent). No person may hold*  
23 *the executive grade unless he holds the position of chief of*  
24 *staff at a hospital, center, or outpatient clinic (independent),*

1 or the position of clinic director at an outpatient clinic, or  
2 comparable position.”

3 FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND  
4 EMPLOYEES

5 SEC.106. (a) The fourth sentence of section 412 of the  
6 Foreign Service Act of 1946, as amended (22 U.S.C. 867),  
7 is amended to read as follows: “The per annum salaries of  
8 Foreign Service officers within each of the other classes shall  
9 be as follows:

“Class 1-----	\$23,935	\$24,770	\$25,890				
Class 2-----	19,333	20,004	20,675	\$21,347	\$22,018	\$22,689	\$23,360
Class 3-----	15,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4-----	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5-----	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6-----	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7-----	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8-----	6,451	6,664	6,877	7,090	7,303	7,516	7,729”

10 (b) The second sentence of subsection (a) of section 415  
11 of such Act (22 U.S.C. 870(a)) is amended to read as fol-  
12 lows: “The per annum salaries of such staff officers and  
13 employees within each class shall be as follows:

“Class 1-----	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2-----	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3-----	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4-----	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5-----	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6-----	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7-----	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8-----	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9-----	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10-----	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216”.

14 (c) Foreign Service officers, Reserve officers, and For-  
15 eign Service staff officers and employees who are entitled to  
16 receive basic compensation immediately prior to the effective  
17 date of this section at one of the rates provided by section  
18 412 or 415 of the Foreign Service Act of 1946 shall receive



1 *basic compensation, on and after such effective date, at the*  
2 *rate of their class determined to be appropriate by the*  
3 *Secretary of State.*

4       *AGRICULTURAL STABILIZATION AND CONSERVATION*

5               *COUNTY COMMITTEE EMPLOYEES*

6       *SEC. 107. The rates of compensation of persons em-*  
7 *ployed by the county committees established pursuant to*  
8 *section 8(b) of the Soil Conservation and Domestic Allot-*  
9 *ment Act (16 U.S.C. 590h(b)) shall be increased by*  
10 *amounts equal, as nearly as may be practicable, to the*  
11 *increases provided by section 102(a) of this title for cor-*  
12 *responding rates of compensation.*

13       *SALARY RATES FIXED BY ADMINISTRATIVE ACTION*

14       *SEC. 108. (a) The rates of basic compensation of assist-*  
15 *ant United States attorneys whose basic salaries are fixed*  
16 *pursuant to section 508 of title 28, United States Code, shall*  
17 *be increased, effective on the effective date of section 102*  
18 *of this title, by amounts equal, as nearly as may be prac-*  
19 *ticable, to the increases provided by section 102(a) of this*  
20 *title for corresponding rates of compensation.*

21       *(b) Notwithstanding section 3679 of the Revised*  
22 *Statutes, as amended (31 U.S.C. 665), the rates of com-*  
23 *ensation of officers and employees of the Federal Govern-*  
24 *ment and of the municipal government of the District of*  
25 *Columbia whose rates of compensation are fixed by adminis-*

1 trative action pursuant to law and are not otherwise increased  
2 by this Act are hereby authorized to be increased, effective  
3 on the effective date of section 102 of this title, by amounts  
4 not to exceed the increases provided by this title for cor-  
5 responding rates of compensation in the appropriate schedule  
6 or scale of pay.

7 (c) Nothing contained in this section shall be held or  
8 considered to authorize any increase in the rates of com-  
9 pensation of officers and employees whose rates of compen-  
10 sation are fixed and adjusted from time to time as nearly  
11 as is consistent with the public interest in accordance with  
12 prevailing rates or practices.

13 (d) Nothing contained in this section shall affect the  
14 authority contained in any law pursuant to which rates of  
15 compensation may be fixed by administrative action.

16 *EFFECTIVE DATES*

17 *SEC. 109. This title shall become effective as follows:*

18 (1) This section and sections 101, 103, and 108  
19 shall become effective on the date of enactment of this  
20 Act.

21 (2) Sections 102, 104, 105, 106, and 107 shall  
22 become effective on the first day of the first pay period  
23 which begins on or after July 1, 1966.



*TITLE II—JUDICIAL BRANCH**SHORT TITLE*

*SEC. 201. This title may be cited as the “Federal Judicial Salary Act of 1966”.*

*JUDICIAL BRANCH EMPLOYEES*

*SEC. 202. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed by or pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3656 of title 18, United States Code, the third sentence of section 603, sections 671 to 675, inclusive, or section 604(a)(5), of title 28, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended. The rates of basic compensation of officers and employees holding ungraded positions and whose salaries are fixed pursuant to such section 604(a)(5) may be increased by the amounts reflecting the respective applicable increases provided by section 102(a)*

1 of title I of this Act in corresponding rates of compensation  
2 for officers and employees subject to the Classification Act  
3 of 1949, as amended.

4 (b) The limitations provided by applicable law on the  
5 effective date of this section with respect to the aggregate  
6 salaries payable to secretaries and law clerks of circuit and  
7 district judges are hereby increased by amounts which re-  
8 flect the respective applicable increases provided by section  
9 102(a) of title I of this Act in corresponding rates of com-  
10 pensation for officers and employees subject to the Classifica-  
11 tion Act of 1949, as amended.

12 (c) Section 753(e) of title 28, United States Code (re-  
13 lating to the compensation of court reporters for district  
14 courts), is amended by striking out the existing salary limi-  
15 tation contained therein and inserting a new limitation  
16 which reflects the respective applicable increases provided by  
17 section 102(a) of title I of this Act in corresponding rates  
18 of compensation for officers and employees subject to the  
19 Classification Act of 1949, as amended.

20 *EFFECTIVE DATES*

21 *SEC. 203. This title shall become effective as follows:*

22 (1) This section and section 201 shall become  
23 effective on the date of enactment of this Act.

24 (2) Section 202 shall become effective on the first



1      *day of the first pay period which begins on or after*  
2      *July 1, 1966.*

3                    *TITLE III—LEGISLATIVE BRANCH*

4                    *SHORT TITLE*

5      *SEC. 301. This title may be cited as the “Federal Legis-*  
6      *lative Salary Act of 1966”.*

7                    *LEGISLATIVE BRANCH EMPLOYEES*

8      *SEC. 302. (a) Except as otherwise provided in this title,*  
9      *each officer or employee in or under the legislative branch of*  
10     *the Government, whose rate of compensation is increased by*  
11     *section 5 of the Federal Employees Pay Act of 1946, shall*  
12     *be paid additional compensation at the rate of 2.9 per centum*  
13     *of his gross rate of compensation (basic compensation plus*  
14     *additional compensation authorized by law).*

15     *(b) The total annual compensation in effect immediately*  
16     *prior to the effective date of this section of each officer or*  
17     *employee of the House of Representatives, whose compensa-*  
18     *tion is disbursed by the Clerk of the House of Representatives*  
19     *and is not increased by reason of any other provision of this*  
20     *section, shall be increased by 2.9 per centum. Notwith-*  
21     *standing section 303 of this title or any other provision of*  
22     *this section, the total annual compensation of the Clerk of the*  
23     *House of Representatives and the Sergeant at Arms of the*  
24     *House of Representatives, respectively, shall be an amount*

1 *which is equal to the total annual compensation of the Secre-*  
2 *tary of the Senate and the Sergeant at Arms of the Senate,*  
3 *respectively.*

4       (c) *The rates of compensation of employees of the*  
5 *House of Representatives whose compensation is fixed by*  
6 *the House Employees Schedule under the House Employees*  
7 *Position Classification Act (78 Stat. 1079–1084; Public*  
8 *Law 88–652; 2 U.S.C. 291–303), including each employee*  
9 *subject to such Act whose compensation is fixed at a saved*  
10 *rate, are hereby increased by amounts equal, as nearly as*  
11 *may be practicable, to the increases provided by subsection*  
12 *(a) of this section.*

13       (d) *The additional compensation provided by this*  
14 *section shall be considered a part of basic compensation for*  
15 *the purposes of the Civil Service Retirement Act (5 U.S.C.*  
16 *2251 and following).*

17       (e) *This section shall not apply with respect to the*  
18 *compensation of student congressional interns authorized by*  
19 *House Resolution 416, Eighty-ninth Congress, and the com-*  
20 *penetration of employees whose compensation is fixed by the*  
21 *House Wage Schedule under the House Employees Position*  
22 *Classification Act.*

23       (f) *The basic compensation of each employee in the*  
24 *office of a Senator is hereby adjusted, effective on the effective*



1 date of this section, to the lowest multiple of \$60 which will  
2 provide a gross rate of compensation not less than the gross  
3 rate such employee was receiving immediately prior thereto,  
4 except that the foregoing provisions of this subsection shall not  
5 apply in the case of any employee if on or before the fifteenth  
6 day following the date of enactment of this Act, the Senator  
7 by whom such employee is employed notifies the disbursing  
8 office of the Senate in writing that he does not wish such  
9 provisions to apply to such employee. In any case in which,  
10 at the expiration of the time within which a Senator may give  
11 notice under this subsection, such Senator is deceased, such  
12 notice shall be deemed to have been given.

13 (g) Notwithstanding the provision referred to in sub-  
14 section (h), the rates of gross compensation of the Secretary  
15 for the Majority of the Senate, the Secretary for the Minority  
16 of the Senate, the Chief Reporter of Debates of the Senate, the  
17 Parliamentarian of the Senate, the Senior Counsel in the  
18 Office of the Legislative Counsel of the Senate, the Chief  
19 Clerk of the Senate, the Chaplain of the Senate, and the Post-  
20 master and Assistant Postmaster of the Senate are hereby  
21 increased by 2.9 per centum.

22 (h) The paragraph imposing limitations on basic and  
23 gross compensation of officers and employees of the Senate

1 appearing under the heading "SENATE" in the Legislative  
 2 Appropriation Act, 1956, as amended (74 Stat. 304; Public  
 3 Law 86-568), is amended by striking out "\$23,770" and  
 4 inserting in lieu thereof "\$24,460".

5 (i) The limitation on gross rate per hour per person  
 6 provided by applicable law on the effective date of this sec-  
 7 tion with respect to the folding of speeches and pamphlets  
 8 for the Senate is hereby increased by 2.9 per centum. The  
 9 amount of such increase shall be computed to the nearest  
 10 cent, counting one-half cent and over as a whole cent. The  
 11 provisions of subsection (a) of this section shall not apply  
 12 to employees whose compensation is subject to such limitation.

#### 13 SALARY INCREASE LIMITATION

14 SEC. 303. No rate of compensation shall be increased,  
 15 by reason of the enactment of this title, to an amount in  
 16 excess of the salary rate now or hereafter in effect for  
 17 level V of the Federal Executive Salary Schedule.

#### 18 EFFECTIVE DATES

19 SEC. 304. This title shall become effective as follows:

20 (1) This section and section 301 shall become effec-  
 21 tive on the date of enactment of this Act.

22 (2) Sections 302 and 303 shall become effective on  
 23 the first day of the first pay period which begins on or  
 24 after July 1, 1966.



1           *TITLE IV—MISCELLANEOUS PROVISIONS*

2   *SALARY STEPS FOR CERTAIN EMPLOYEES TRANSFERRED*  
3                   *TO POSTAL FIELD SERVICE*

4       *SEC. 401. Section 3551 of title 39, United States Code,*  
5   *is amended by adding at the end thereof the following new*  
6   *subsection:*

7       “(c) *The Postmaster General may appoint or advance*  
8   *any Federal employee who, together with his function, is*  
9   *transferred, prior to, on, or after the date of enactment of this*  
10   *subsection, to a post office or other postal installation at or*  
11   *to (1) the minimum rate for his position, or (2) any higher*  
12   *rate for his position which is less than one full step above the*  
13   *highest rate of compensation received by him immediately*  
14   *prior to such transfer.”.*

15                   *POSTAL SENIORITY ADJUSTMENTS*

16       *SEC. 402. (a) The Postmaster General shall advance*  
17   *any employee in the postal field service*

18           *(1) who was promoted to a higher level between*  
19   *July 9, 1960, and October 13, 1962;*

20           *(2) who is senior with respect to total postal service*  
21   *to an employee in the same post office promoted to the*  
22   *same level on or after October 13, 1962, and is on the*  
23   *effective date of this section in a step in the same level*  
24   *below the step of the junior employee; and*

1           (3) *whom the Postmaster General determines is in*  
 2           *the same craft and same branch of the Post Office Service*  
 3           *as such junior employee.*

4           *Such advancement by the Postmaster General shall be to the*  
 5           *highest step which is held by any such junior employee. Any*  
 6           *increase under the provisions of this subsection shall not con-*  
 7           *stitute an equivalent increase and credit earned prior to ad-*  
 8           *justment under this subsection for advancement to the next*  
 9           *step shall be retained.*

10          (b) *Section 3552 of title 39, United States Code, is*  
 11          *amended by deleting subsection (d).*

#### 12                               SPECIAL DELIVERY MESSENGERS

13          SEC. 403. *Section 3542(c) of title 39, United States*  
 14          *Code, is amended—*

15               (1) *by striking out “7 cents per mile or major*  
 16               *fraction thereof” and inserting in lieu thereof “10 cents*  
 17               *per mile or major fraction thereof”; and*

18               (2) *by striking out “90 cents per hour” and insert-*  
 19               *ing in lieu thereof “\$1.25 per hour”.*

#### 20                               OVERTIME

21          SEC. 404. (a) *Section 201 of the Federal Employees*  
 22          *Pay Act of 1945, as amended (5 U.S.C. 911), is amended—*

23               (1) *by inserting “or, with the exception of em-*  
 24               *ployees engaged in professional or technical engineering*



1     *or scientific activities for whom the first forty hours of*  
2     *duty in an administrative workweek is the basic work-*  
3     *week and employees whose basic compensation exceeds*  
4     *the minimum rate of grade GS-10 of the Classification*  
5     *Act of 1949, as amended, for whom the first forty*  
6     *hours of duty in an administrative workweek is the*  
7     *basic workweek, in excess of eight hours in a day” im-*  
8     *mediately following “in excess of forty hours in any*  
9     *administrative workweek”; and*

10         *(2) by striking out “grade GS-9” wherever it*  
11         *occurs therein and inserting in lieu thereof “grade*  
12         *GS-10”.*

13         *(b) Section 202 of such Act, as amended (5 U.S.C.*  
14         *912), is amended by striking out “grade GS-9” and insert-*  
15         *ing in lieu thereof “grade GS-10”.*

16         *(c) Section 401 of such Act, as amended (5 U.S.C.*  
17         *926), is amended by striking out “grade GS-9” wherever*  
18         *it occurs therein and inserting in lieu thereof “grade*  
19         *GS-10”.*

20         *(d) Subsections (b) and (c) of section 3573 of title 39,*  
21         *United States Code, are amended by striking out “level*  
22         *PFS-7” and level PFS-8”, wherever appearing therein,*  
23         *and inserting in lieu thereof “level PFS-10” and “level*  
24         *PFS-11”, respectively.*

**1** *SUNDAY PREMIUM PAY*

2        *SEC. 405. (a) The heading of title III of the Federal*  
3        *Employees Pay Act of 1945, as amended, is amended to*  
4        *read as follows:*

5       *“TITLE III—COMPENSATION FOR NIGHT,*  
6       *SUNDAY, AND HOLIDAY WORK”*

7       (b)(1) Section 302 of such Act, as amended (5 U.S.C.  
8   922), is redesignated as section 303 of such Act.

9           (2) Any reference in any provision of law to section  
10 302 of the Federal Employees Pay Act of 1945, which is  
11 redesignated as section 303 of such Act by paragraph (1)  
12 of this subsection, shall be held and considered to refer to  
13 section 303 of such Act, as so redesignated.

14 (c) Title III of such Act, as amended (5 U.S.C. 921  
15 and following), is amended by inserting immediately follow-  
16 ing section 301 thereof the following:

17 "COMPENSATION FOR SUNDAY WORK

18       “SEC. 302. Any regularly scheduled eight-hour period  
19 of service which is not overtime work as defined in section  
20 201 of this Act any part of which is performed within the  
21 period commencing at midnight Saturday and ending at  
22 midnight Sunday shall be compensated for the entire period  
23 of service at the rate of basic compensation of the officer or  
24 employee performing such work plus premium compensation.



1 at a rate equal to 25 per centum of his rate of basic  
2 compensation.”

3 (d) Section 401(1) of such Act, as amended (5 U.S.C.  
4 926(1)), is amended by inserting “, Sunday,” immediately  
5 following the word “night”.

6 (e) Section 401(2) of such Act, as amended (5 U.S.C.  
7 926(2)), is amended—

8 (1) by inserting in the first sentence thereof “, on  
9 Sundays,” immediately following the words “duty at  
10 night”; and

11 (2) by inserting in the second sentence thereof  
12 “Sunday,” immediately following “night,”.

13 (f) The first paragraph of section 23 of the Independent  
14 Offices Appropriation Act, 1935, as amended (5 U.S.C.  
15 673c), is amended by inserting immediately before the period  
16 at the end thereof the following: “: Provided further, That  
17 employees subject to this section whose regular work sched-  
18 ule includes an eight-hour period of service any part of  
19 which is within the period commencing at midnight Saturday  
20 and ending at midnight Sunday shall be paid extra com-  
21 pensation at the rate of 25 per centum of his hourly rate  
22 of basic compensation for each hour of work performed  
23 during that eight-hour period of service”.

1 *HEALTH AND INSURANCE COVERAGE FOR CERTAIN EM-*  
2 *PLOYEES ON LEAVE WITHOUT PAY*

3 *SEC. 406. (a) Section 6 of the Federal Employees'*  
4 *Group Life Insurance Act of 1954, as amended (5 U.S.C.*  
5 *2095), is amended by adding at the end thereof the follow-*  
6 *ing new subsection:*

7 *“(d) Notwithstanding the foregoing, an officer or em-*  
8 *ployee who enters on approved leave without pay to serve*  
9 *as a full-time officer or employee of an organization composed*  
10 *primarily of employees, as defined in section 2 of this Act,*  
11 *may, within sixty days after entering on such leave without*  
12 *pay, elect to continue his insurance and arrange to pay cur-*  
13 *rently into the fund, through his employing agency, both*  
14 *employee and agency contributions from the beginning of*  
15 *leave without pay. If he does not so elect, his insurance*  
16 *will continue during nonpay status and terminate as pro-*  
17 *vided in subsection (a) of this section. The employing*  
18 *agency shall forward the premium payments to the fund*  
19 *established by section 5 of this Act.”*

20 *(b) Section 7(b) of the Federal Employees Health*  
21 *Benefits Act of 1959, as amended (5 U.S.C. 3006(b)), is*  
22 *amended—*

23 *(1) by inserting “(1)” immediately following*  
24 *“(b)”;* and



1           (2) by adding at the end thereof the following new  
2     paragraph:

3           “(2) An employee who enters on approved leave with-  
4     out pay to serve as a full-time officer or employee of an  
5     organization composed primarily of employees, as defined in  
6     section 2 of this Act, may, within sixty days after entering  
7     on such leave without pay, file with his employing agency  
8     an election to continue his health benefits coverage and  
9     arrange to pay currently into the fund, through his em-  
10    ploying agency from the beginning of leave without pay, both  
11    employee and agency contributions. If he does not so elect,  
12    his coverage will terminate as specified in paragraph (1)  
13    and implementing regulations. The employing agency shall  
14    forward the enrollment charges so paid to the fund.”

15          (c) An officer or employee who is on approved leave  
16     without pay and serving as a full-time officer or employee  
17     of an organization composed primarily of employees, as de-  
18     fined in section 2 of the Federal Employees' Group Life  
19     Insurance Act of 1954, as amended (5 U.S.C. 2091), or  
20     section 2 of the Federal Employees Health Benefits Act of  
21     1959, as amended (5 U.S.C. 3001), as the case may be,  
22     may, within sixty days after the date of enactment of this Act,  
23     file with his employing agency an election (1) to continue any  
24     insurance status or health benefits enrollment, or both, that

1 he has on the date of enactment of this Act, (2) to re-  
2 acquire any insurance status or health benefits enrollment,  
3 or both, which he may have lost while on leave without pay,  
4 or (3) to acquire an insured status or enroll in a health bene-  
5 fits plan, or both, if he was never previously eligible to do so,  
6 by arranging to pay currently and continuously into the  
7 employees' life insurance fund and the employees' health  
8 benefits fund, as appropriate, through his employing agency,  
9 both employee and agency contributions. The employing  
10 agency shall forward such payments to the employees' life  
11 insurance fund and the employees' health benefits fund, as  
12 appropriate. If he does not so elect, his insurance status  
13 and health benefits enrollment will continue and terminate as  
14 for other employees in nonpay status, or he will remain  
15 ineligible for insurance and health benefits, as the case may  
16 be, as though this paragraph had not been enacted. The  
17 United States Civil Service Commission is authorized to  
18 issue regulations to carry out the purposes of this paragraph.

19 *INCREASE IN UNIFORM ALLOWANCES*

20 *SEC. 407. (a) Section 402 of the Federal Employees*  
21 *Uniform Allowance Act, as amended (5 U.S.C. 2131-*  
22 *2133), is amended by inserting immediately following the*  
23 *second sentence thereof the following new sentence: "In those*  
24 *instances where the agency makes reimbursement direct to*



1 the uniform vendor, the head of the agency may deduct a  
2 service charge not to exceed 4 per centum."

3 (b) Such Act is further amended by adding at the end  
4 thereof the following new section:

5 "SEC. 405. Notwithstanding any other provision of this  
6 title, each of the respective maximum uniform allowances in  
7 effect on April 1, 1966, for the respective categories of em-  
8 ployees to whom uniform allowances are paid under this  
9 title are hereby increased, subject to the maximum allow-  
10 ance authorized by this title, as follows:

11 "(1) If the maximum uniform allowance is \$100  
12 or more, such allowance shall be increased by 25 per  
13 centum.

14 "(2) If the maximum uniform allowance is \$75 or  
15 more but less than \$100, such allowance shall be in-  
16 creased by 30 per centum.

17 "(3) If the maximum uniform allowance is \$50 or  
18 more but less than \$75, such allowance shall be increased  
19 by 35 per centum.

20 "(4) If the maximum uniform allowance is less  
21 than \$50, such allowance shall be increased by 40 per  
22 centum.

23 Such maximum uniform allowances, as in effect on April 1,  
24 1966, and as increased by this section, shall not be reduced."

1        *SEC. 408. (a) Section 303(c) of the Federal Executive*  
2        *Salary Act of 1964 (78 Stat. 416; Public Law 88-426) is*  
3        *amended by adding at the end thereof the following new*  
4        *paragraph:*

5       “(47) *Director of the Federal Mediation and Concilia-*  
6   *tion Service.*”

7       (b) Paragraph (30) of section 303(d) of such Act is  
8 hereby repealed.

9 *EFFECTIVE DATES*

10        *SEC. 409. This title shall become effective as follows:*

11           (1) This section and sections 401, 406, and 407  
12       shall become effective on the date of enactment of this  
13       Act.

(2) Sections 403, 404, and 405 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

(3) Sections 402 and 408 shall take effect on the first day of the first pay period after the enactment of this Act.

20 *TITLE V—CIVIL SERVICE RETIREMENT*

21 *SHORT TITLE*

22        *SEC. 501. This title may be cited as the “Civil Service*  
23        *Retirement Act Amendments of 1966”.*



## DEFINITIONS

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*SEC. 502. Section 1(j) of the Civil Service Retirement Act (5 U.S.C. 2251(j)) is amended by inserting the letter “(d)” after the words “for purposes of section 10”; by striking out the words “received more than one-half of his support from and”; and by striking out the words “twenty-one” and “twenty-first” wherever they occur and inserting in lieu thereof the words “twenty-two” and “twenty-second”, respectively.*

RETIREMENT COVERAGE FOR CERTAIN EMPLOYEES ON  
LEAVE WITHOUT PAY

*SEC. 503. Section 3 of the Civil Service Retirement Act (5 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:*

*“(k)(1) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions and agency contributions*

1   *which would be applicable if he were in pay status. An em-*  
2   *ployee who is on approved leave without pay and serving as*  
3   *a full-time officer or employee of such an organization on*  
4   *the date of enactment of this subsection may similarly elect*  
5   *within sixty days after such date of enactment. If the elec-*  
6   *tion and all payments provided by this paragraph are not*  
7   *made, the employee shall receive no credit for such periods*  
8   *of leave without pay occurring on or after date of enactment*  
9   *of this subsection, notwithstanding the provisions of the sec-*  
10   *ond sentence of section 3(c) of this Act.*

11       “(2) *An employee may deposit with interest an amount*  
12   *equal to retirement deductions representing any period or*  
13   *periods of approved leave without pay while serving, prior*  
14   *to the date of enactment of this subsection, as a full-time*  
15   *officer or employee of an organization composed primarily*  
16   *of employees, as defined in section 1(a) of this Act, and*  
17   *may receive full retirement credit for such period or periods*  
18   *of leave without pay. In the event of his death, a survivor*  
19   *as defined in section 1(o) of this Act may make such deposit.*  
20   *If the deposit described in this paragraph is not made in full,*  
21   *retirement credit shall be allowed in accordance with the*  
22   *second sentence of section 3(c) of this Act.”*



## IMMEDIATE RETIREMENT

SEC. 504. (a) Section 6(a) of the Civil Service Retirement Act (5 U.S.C. 2256(a)) is amended to read as follows:

“(a) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.”

(b) Section 6(b) of such Act (5 U.S.C. 2256(b)) is amended to read as follows:

“(b) Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9.”

## ANNUITY COMPUTATION

SEC. 505. Section 9(d) of such Act (5 U.S.C. 2259 (d)) is amended to read as follows:

“(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring

1 under the second or third sentence of section 6(f) or the  
 2 third sentence of section 8(b), shall be reduced by one-  
 3 twelfth of 1 per centum for each full month not in excess of  
 4 sixty, and one-sixth of 1 per centum for each full month in  
 5 excess of sixty, such Member is under the age of sixty years  
 6 at date of separation.”

7 *SURVIVOR ANNUITIES*

8 *SEC. 506. (a) Section 10(a)(2) of the Civil Service*  
 9 *Retirement Act (5 U.S.C. 2260(a)(2)) is amended to*  
 10 *read as follows:*

11 “(2) An annuity computed under this subsection shall  
 12 commence on the day after the retired employee dies, and  
 13 such annuity or any right thereto shall terminate on the last  
 14 day of the month before (A) in the case of the survivor of  
 15 a retired employee, the survivor’s remarriage prior to attain-  
 16 ing age sixty, or death or (B) in the case of the survivor  
 17 of a Member, the survivor’s death or remarriage.”

18 (b) The last sentence of section 10(c) of such Act (5  
 19 U.S.C. 2260(c)) is amended to read as follows: “The an-  
 20 nuity of such widow or dependent widower shall commence  
 21 on the day after the employee or Member dies, and an  
 22 annuity under this subsection or any right thereto shall  
 23 terminate on the last day of the month before (1) the death  
 24 of the widow or widower, (2) remarriage of the widow or  
 25 widower of an employee prior to attaining age sixty, (3) re-



1 marriage of the widow or widower of a Member regardless  
2 of age, or (4) the widower's becoming capable of self-  
3 support."

4 (c) Section 10(d) of such Act (5 U.S.C. 2260(d)) is  
5 amended to read as follows:

6 "(d) If an employee or a Member dies after complet-  
7 ing at least five years of civilian service, or an employee or a  
8 Member dies after having retired under any provision of this  
9 Act, and is survived by a wife or by a husband, each sur-  
10 viving child shall be paid an annuity equal to the smallest  
11 of (1) 40 per centum of the employee's or Member's aver-  
12 age salary divided by the number of children, (2) \$600, or  
13 (3) \$1,800 divided by the number of children, subject to  
14 the provisions of section 18. If such employee or Member  
15 is not survived by a wife or husband, each surviving child  
16 shall be paid an annuity equal to the smallest of (1) 50 per  
17 centum of the employee's or Member's average salary divided  
18 by the number of children, (2) \$720, or (3) \$2,160 divided  
19 by the number of children, subject to the provisions of sec-  
20 tion 18. The commencing date of a child's annuity under this  
21 Act or the Act of May 29, 1930, as amended from and after  
22 February 28, 1948, shall be deemed to be the day after the  
23 employee or Member dies, with payment beginning on that  
24 day or beginning or resuming on the first day of the month  
25 in which the child later becomes or again becomes a student

1 as described in section 1(j), provided the lump-sum credit, if  
2 paid, is returned to the fund. Such annuity shall terminate on  
3 the last day of the month before (1) the child's attaining age  
4 eighteen unless he is then a student as described or incapable  
5 of self-support, (2) his becoming capable of self-support after  
6 attaining age eighteen unless he is then such a student, (3) his  
7 attaining age twenty-two if he is then such a student and not  
8 incapable of self-support, (4) his ceasing to be such a student  
9 after attaining age eighteen unless he is then incapable of self-  
10 support, (5) his marriage, or (6) his death, whichever first  
11 occurs. Upon the death of the surviving wife or husband  
12 or termination of the child's annuity, the annuity of any other  
13 child or children shall be recomputed and paid as though such  
14 wife, husband, or child had not survived the employee or  
15 Member."

16 (d) Section 10 of such Act (5 U.S.C. 2260) is amended  
17 by adding at the end thereof the following subsection:

18 "(f) In the case of a surviving spouse whose annuity  
19 under this section is hereafter terminated because of remar-  
20 riage before attaining age sixty, annuity at the same rate  
21 shall be restored commencing on the day such remarriage is  
22 dissolved by death, annulment, or divorce: Provided, That  
23 (1) said surviving spouse elects to receive such annuity in  
24 lieu of any survivor benefit to which he or she may be en-  
25 titled, under this or any other retirement system established



1 *for employees of the Government, by reason of the remarriage,*  
 2 *and (2) any lump sum paid upon termination of the annuity*  
 3 *is returned to the fund.”*

#### 4 *INCREASES IN CERTAIN ANNUITIES*

5 *SEC. 507. Section 18 of the Civil Service Retirement*  
 6 *Act (5 U.S.C. 2268) is amended by adding at the end*  
 7 *thereof the following subsection:*

8 *“(g) Effective on (1) the first day of the second month*  
 9 *after the enactment of this Act, or (2) the commencing date*  
 10 *of annuity, whichever is later, the annuity of each surviving*  
 11 *spouse whose entitlement to annuity payable from the civil*  
 12 *service retirement and disability fund resulted from the*  
 13 *death of:*

14 *“(A) an employee or Member prior to October 11,*  
 15 *1962, or*

16 *“(B) a retired employee or Member whose retire-*  
 17 *ment was based on a separation from service prior to*  
 18 *October 11, 1962, shall be increased by 10 per centum.”*

#### 19 *EFFECTIVE DATES*

20 *SEC. 508. (a) This section, section 509, and subsections*  
 21 *1(j), 3(k), 6(a), 6(b), 9(d), 10(a)(2), 10(c), 10(d),*  
 22 *and 10(f) of the Civil Service Retirement Act, as enacted*  
 23 *or amended by this title, shall become effective on the date*  
 24 *of enactment of this Act.*

25 *(b) Except as provided in section 507 and in subsection*

1 (c) of this section, the amendments made by this title to the  
 2 Civil Service Retirement Act shall not apply in the cases  
 3 of persons retired or otherwise separated prior to these re-  
 4 spective effective dates, and the rights of such persons and  
 5 their survivors shall continue in the same manner and to the  
 6 same extent as if this title had not been enacted.

7 (c) The amendments made by this title to sections 1(j)  
 8 and 10(d) of the Civil Service Retirement Act relating to  
 9 payment, continuance, resumption, and termination of an-  
 10 nuity to a child who is a student shall apply with respect  
 11 to children of persons retired or otherwise separated prior to,  
 12 on, or after the date of enactment of this title, except that  
 13 no child's annuity shall be paid by reason of these amend-  
 14 ments for any period prior to such date of enactment.

#### 15 MISCELLANEOUS

16 SEC. 509. The provisions under the heading "CIVIL  
 17 SERVICE RETIREMENT AND DISABILITY FUND" in title I  
 18 of the Independent Offices Appropriation Act, 1959 (72  
 19 Stat. 1064; Public Law 85-844), shall not apply with  
 20 respect to benefits resulting from the enactment of this Act.

#### 21 TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS

22 SEC. 601. Section 2(d) of the Federal Employees Health  
 23 Benefits Act of 1959 (73 Stat. 709; 5 U.S.C. 3001(d)) is  
 24 amended by striking out "twenty-one" wherever it appears  
 25 therein and inserting in lieu thereof "twenty-two".



1        *SEC. 602. Paragraphs (1) and (2) of section 7(a) of*  
2        *such Act are amended to read as follows:*

3        *“(1) Except as provided in paragraph (2) of this*  
4        *subsection, the biweekly Government contributions for health*  
5        *benefits for employees or annuitants enrolled in health bene-*  
6        *fits plans under this Act, in addition to the contributions re-*  
7        *quired by paragraph (3), shall be \$1.62 if the enrollment*  
8        *is for self alone or \$3.94 if the enrollment is for self and*  
9        *family, commencing with the first pay period beginning on*  
10       *or after July 1, 1966.*

11       *“(2) For an employee or annuitant enrolled in a plan*  
12       *for which the biweekly subscription charge is less than twice*  
13       *the Government contribution established under paragraph*  
14       *(1) of this subsection, the Government contribution shall*  
15       *be 50 per centum of the subscription charge, commencing*  
16       *with the first pay period beginning on or after July 1, 1966.”*

Passed the House of Representatives April 6, 1966.

Attest:

RALPH R. ROBERTS,

*Clerk.*

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**AN ACT**

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To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

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APRIL 13, 1966

Read twice and referred to the Committee on Post Office and Civil Service

MAY 26, 1966

Reported with an amendment









# DIGEST of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
FOR INFORMATION ONLY;  
(NOT TO BE QUOTED OR CITED)

Issued July 1, 1966  
For actions of June 30, 1966  
89th-2nd; No. 108

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HIGHLIGHTS: House agreed to conference report on cotton research-promotion bill. House Rules Committee cleared foreign aid authorization bill. Sen. Mansfield inserted this Department's letter re agricultural record. Sen. Miller inserted article commenting on Secretary Freeman's statement on reporting of farm news. Sen. Proxmire praised committee action on school milk bill. Sen. Murphy favored passage (Continued on page 5)

### SENATE

1. SCHOOL LUNCH. The District of Columbia Committee reported without amendment S. 1312, to authorize funds for the administration of school lunch programs in the D. C. (S. Rept. 1352). p. 14098
2. SURPLUS PROPERTY. The Government Operations Committee reported without amendment S. 2610, to grant Federal and State agencies priorities for obtaining surplus Government property prior to its sale (S. Rept. 1356). p. 14098

3. PERSONNEL. The Government Operations Committee reported without amendment H. R. 10607, to provide reimbursement of additional moving expenses of Federal employees (S. Rept. 1357).  
Sen. Williams, Del., criticized the rate of increase in Federal employment under the present administration. pp. 14144-5  
The Federal employees pay bill was made the unfinished business. pp. 14172-7
4. RECREATION. Passed without amendment S. 3510, to authorize the Secretary of the Interior to study the feasibility and desirability of the Connecticut River National Recreation Area (pp. 14114-5). The report on this bill had been submitted by the Interior and Insular Affairs Committee on June 29, during adjournment (S. Rept. 1345) (p. 14095).
5. COSPONSORS. The following were added as additional cosponsors of bills and joint resolution: Sens. Jordan, Church, Allott, Douglas, and Magnuson as cosponsors on S. 3522, the agricultural trade statistics reporting bill; Sen. Bayh as cosponsor on S. 3210, to give Congressional consent and approval to the Indiana-Illinois Air Pollution Control Compact; and Sen. Boggs as cosponsor on S. J. Res. 172, to proclaim a yearly day of recognition for firefighters. pp. 14111-2
6. NOMINATIONS. Received the nomination of William S. Gaud, to be Administrator of the Agency for International Development. p. 14232
7. LEGISLATIVE ACCOMPLISHMENTS. Sen. Mansfield discussed and inserted a brief summary of "all major general bills upon which the Senate has acted this session." pp. 14227-32
8. RECLAMATION. Sen. Case spoke in opposition to the proposed Grand Canyon, Colorado River legislation. p. 14129  
Passed without amendment H. R. 14312, to increase the authorization for appropriations for continuing the work on the Missouri River Basin project. S. 3186, a similar bill was indefinitely postponed (pp. 14117-8). This bill will now be sent to the President.
9. AGRICULTURAL RECORD. Sen. Mansfield inserted a letter from the Department citing the agricultural record during the 1960's and requested that the heading be "The Agricultural Record Since 1961 - Setting the Record Straight." pp. 14140-1
10. FARM NEWS. Sen. Miller inserted an article entitled "Real and Meaningful Farm News" commenting on a statement by the Secretary regarding reporting farm news. p. 14142
11. TYPEWRITERS; PROCUREMENT. Sen. Williams, Del., criticized agencies' spending of funds at the end of the fiscal year and stated that "This year the Department of Agriculture has gone on a spending spree and has procured 2,900 typewriters for use in optical scanning." p. 14144
12. SCHOOL MILK. Sen. Proxmire praised the S. Agriculture and Forestry Committee for its work on S. 3467, the Ellender school milk bill which the Committee ordered reported on June 29. p. 14145
13. SCREW-WORM. Sen. Murphy commended the passage of the screw worm eradication bill. pp. 14147-8



of 26 and in practical effect escape the draft altogether. The continuation of the doctor's draft would be the only exception to the rule. The problem of physicians' has been handled as a special case under our draft laws for many years, and I see no reason for not continuing to do so. Those graduating college who go onto medical school would not go into the lottery. They would be called, if at all, after completion of their studies under a special doctors draft.

Under this system the average age of induction would remain about 20, which, as I understand it, is desirable both from the viewpoint of the armed forces and from that of those eligible for the draft.

This system would also have an equitable impact. Everyone qualified—rich or poor, college or noncollege, married or single—would have to take his chances in the lottery, in most cases at age 19, when differences in education, occupation, and marital status are less than they are subsequently.

The lottery would also be flexible and responsive to military needs because the number of men who would actually be called in any one year could be increased or decreased without interfering with the operation of the system, and without affecting deferments. An increase, for instance, would simply mean that the local boards would reach further down into those men whose numbers appeared lower down on the list. It is true that under a lottery system, the rate of enlistments might decline, because of the greater certainty of those not drafted in their lottery that they would not be called later. But since those who do serve would not yet have civilian careers to return to it seems likely that the rate of re-enlistment should rise to compensate for the decline, and this could be further encouraged by increasing military pay scales.

One of the greatest benefits of this kind of lottery would come from ending the hardships I have mentioned which stem from the present practice of calling up oldest men first.

Drafting men from the 18½ and 19 year old group by lottery would virtually eliminate uncertainty. Every young man would know whether he was likely to be called, from his position on the list in comparison with the expected manpower needs of that year. Those whose numbers were not called during the fiscal year of one year's draw would go to the bottom of the next year's lottery list. They would still be subject to call. But, given the growing condition of manpower oversupply, they would know they were not likely to be called except in conditions of great national emergency.

Furthermore, the lottery system would cause less disruption in the lives of draft-eligible youths. Men 19 years old are much less likely to have started families or begun well paying jobs than men a few years their senior. Their personal or career plans are often undecided. The draft wouldn't hit them as hard.

Drafting 19 year olds by lot, furthermore, would not threaten the nation's pool of important domestic skills, because few 19 year olds have acquired special skills. Add to these considerations the fact that younger draftees often make the best soldiers, because they are at their physical peak and are easier to train, and taken together, the arguments for the lottery are persuasive.

The lottery is not a revolutionary idea. It was used in this country in the Civil War and in the early stages of World Wars I and II. It is now being used in West Germany, Australia, the Philippines, Bolivia, Chile, Colombia and Venezuela. The United States, it is true, switched from the lottery approach in World War II. But, as I understand it, this was done not because the lottery didn't work but because the country was then engaged in a total mobilization in which a method designed to select only a few from the many was no longer appropriate.

I think there are a number of approaches to solving the problems created by the draft. I am concerned only in finding a method of selection which produces the best results. The lottery may be able to do this. Adopting the lottery system would not mean that we had given up on resolving the complexities of the draft. But it would mean that we had decided on a method of selection around which we could build certain rules to make the draft more workable and equitable than it is today.

The lottery is a sound foundation for a draft system. It is based on random selection, but this does not mean mindless or arbitrary selection. The lottery generally makes every qualified young man equally liable to compulsory selective military service at the time in a young man's life when the differences between him and his peers are least significant. In so doing it eliminates many of the present system's inequities without posing a threat to our national need for educated and highly skilled citizens. To me, this is the make of an eminently sensible system—not at all mindless in intent nor arbitrary in results.

Other suggestions have been made which eliminate the problem of selection methods altogether; that is, draft all or draft none. This would mean either Universal Military Service or a professional army.

Let us first consider Universal Military Service. At the outset we face the question of cost. Customary proposals for UMS propose that every young man of draft age be given at least six months training in the military. But this would mean that our defense costs would rise several billion dollars a year. And it would mean that we were spending a great amount of money to train men without regard to our manpower needs, simply for the purpose of getting everyone in the service. It hardly seems wise to swell our ranks of servicemen just to assure that every young man participates. Universal Military Service is not the solution, and it has been largely discredited.

A variation on this idea, however, has received considerable public notice in recent weeks. This is the plan suggested by Secretary McNamara, by which young men would perform some kind of public service to the nation, either in the military or in a civilian capacity in programs such as the Peace Corps, the War on Poverty, VISTA, teaching, public health, or others.

There is much to be said for the theory underlying this idea. As James Reston of the New York Times wrote, it is "a new concept of national service in which all young people in America can acquire a sense of purpose and an opportunity for service at home and abroad."

I think that in the years to come this concept of national service in non-military pursuits will grow in stature as a means of fulfilling an individual's desire to contribute to the world. But I do not think that in its present form it is a realistic alternative to our present draft system.

For instance: there are now more than 32 million young men registered in our Selective Service System, with some two million more reaching draft age each year. It would be extremely difficult to absorb all or even a substantial number of these people into existing military and non-military programs. This restructuring would take years to accomplish, and would pose serious problems in drawing the line between equivalent and non-equivalent service. I for one would find it hard to accept the idea that the government should decree what work is socially valuable and what is not.

Moreover, the costs involved in such universalization of service are staggering to contemplate. Assuming that it costs \$8,000 a year to train and maintain each person drafted for national service, the costs of universal service would almost certainly amount

to almost 20 billion dollars each year just for those coming of draft age. This does not take into consideration the social costs involved in the career postponement created, as well as the effect on the civilian labor market.

I recognize that in the long run the work performed by this enormous corps of young men might more than compensate for the cost involved. But unless the costs can be reduced considerably, I do not believe that over the short run the result would be worth the price.

Finally—and most important—I have serious reservations about the wisdom of making non-military national service compulsory. We have a long tradition in America of limiting compulsory service to military service in defense of our country. Young men now take part in the Peace Corps, VISTA, or the Public Health Service as volunteers and in many ways the spirit of these programs is a product of their voluntary nature. If such service were compulsory, the essential value of the programs might well be destroyed. And surely it would be ironic if in seeking to eliminate the inequalities facing thousands of draft-age Americans, we inhibited the freedom of millions.

There may be some intangible scale by which we can weigh military against non-military service, preserving freedom of choice while meeting our military requirements. But until it is found, I think that universal national service cannot stand alone as an alternative to our present draft system.

I do think, however, that Congress should consider a system of combining voluntary non-military public service with the lottery system.

It might be possible, for example, to encourage young men not chosen in the lottery to volunteer for service in the Peace Corps, VISTA, or other designated public service by offering them certain military benefits such as the Cold War GI bill.

Another possibility would be combining the lottery with "alternative" non-draft national service. Young men facing the lottery could choose instead a specified alternative service on terms defined by Congress. They could take their chances for military service in the lottery or choose the certainty of a commitment to service in a non-military program. To make the choices most equivalent, we could consider making non-military service of a longer duration, say three years in the Peace Corps, and at lower pay than military service. This could be especially effective in stimulating young men to enter non-military service during peacetime.

If we want to go beyond the proposals which I have listed, the only long-range alternative to our present system seems to be complete dependence on a professional army to meet our military manpower needs.

The question of eliminating the draft altogether in the near future is complex, but it certainly deserves our closest attention. Everyone seems to agree that if the pay were high enough and other incentives strong enough, the armed services could meet our military manpower needs purely on the basis of volunteers. But then the question is, how high must we go? Eliminating the draft would reduce the number of volunteers, because many young men volunteer for the service with the draft hanging over their heads. Those who argue against eliminating the draft say it would cost billions of dollars to attract enough career servicemen to fill our needs. Presumably it would cost billions, but how many? Estimates by the Defense Department range from some four billion dollars a year to some twenty billion. I realize that any estimate of this kind must involve educated guesses about fluctuations in the domestic labor market. But I find it hard to believe that we cannot perform a manpower study which would indicate with more precision whether the cost of eliminat-



ing the draft would more likely be four billion dollars or twenty billion dollars, or some figure between.

It is truly important that we have a close estimate of this cost. Eliminating the draft altogether is undoubtedly worth some additional expense to this country, in view of savings it would mean in terms of reduced training costs because of a lower military turnover and the intrinsic benefits of a strictly voluntary system which did not require compulsory service.

Perhaps it would be too costly. But we should have a firm and reliable judgment on just how costly it is likely to be. Or perhaps complete reliance on a voluntary army would cripple our military flexibility in an emergency. But even if that were the case, can we not reduce considerably our reliance on the draft by bringing sensible revisions to our present system?

It may well be that such revisions within the present system are all that we can hope to accomplish next year. I recognize, as we all must, that problems of transition would be created by a drastic overhaul of our Selective Service System. These problems would be accentuated, of course, if the transition were attempted at a time when we are fighting a war such as Vietnam, when emotions are high and gross discriminations are likely to be injected.

For that reason it may be that a total revision of the draft along the lines I have outlined would not be possible next year. Only time will tell. But we must begin to lay the groundwork now so that we will be ready to act next year if it is possible to do so. And if we are to lay that groundwork, then it is essential that the long overdue Defense Department study of our military manpower system be released and its conclusions and recommendations presented to the Congress at the earliest possible opportunity. Once we have that study before us, we can then determine how best to proceed to a final resolution of the question.

If the world situation makes total revision next year infeasible, then I strongly urge two things:

That Congress next year consider extending the present draft law, not for four years as it has in the past, but for only one year until June 1968. In that way, the urgent question of total reform will be kept in the forefront of public debate, not thrown on the pile of unfinished business as it has been in the past.

That in order to reduce our reliance on the draft, and to make the present system more efficient and equitable, Congress examine the wisdom of the following changes within the present system:

*First:* Abolish the system of state quotas by revising Section 5(b) of the Selective Service to place the sequence of induction on a national basis.

Under the present state quota system, the sequence of priorities we set for induction as a matter of national policy cannot be followed uniformly on a national basis. I agree that the classification of registrants and the determination of who is to be called for examination should be done by local boards, which are in the best position to judge the merits of individual cases. But though local boards should continue to classify, the sequence of induction should be controlled through a national pool drawn at random, not through state quotas. This is the only way our draft system can accurately reflect

national policies rather than the accidents of geography.

*Second:* Establish national guidelines for local boards to follow wherever possible. Present national standards are so imprecise that drafting practices of boards in one state may differ radically from those of boards in another state. There is no national order or priority for reconsideration of deferments when an expansion of the 1A pool becomes necessary, and there are no firm criteria established for deciding student or occupational deferments or physical disabilities.

*Third:* Introduce computer techniques and technology to increase administrative efficiency. A recent study indicates that there are approximately 450,000 men in the 1A pool for whom the paperwork for induction had not been completed. Clogs such as this in the bureaucratic pipeline mean unnecessary inequities and inefficiencies. Administering the draft is a far more complex problem today than it was 15 years ago. Yet no serious effort has been made to introduce the scientific aids to administration developed during this period.

*Fourth:* Revise the system of mental and physical qualifications. We should make more extensive use of those young men presently classified 1Y by establishing a broader category of limited service and by providing remedial medical and educational assistance either within or without the military establishment to the some 10,000 men who volunteer for service each month but do not qualify. A large percentage of those presently found unqualified for military service could be habilitated with a minimum of tutoring or remedial medical care. Such habilitation would both increase the pool of those able and anxious to serve and increase the capability of these young Americans to live a more productive life.

Congress should also consider ending the requirement that all who serve must physically qualify for combat. Non-combat occupations make up four fifths of our military service requirements, and it should be possible to waive certain arbitrary physical qualifications for service in non-combatant occupations.

Furthermore, the present test system for establishing mental qualifications should also be revised to permit high school dropouts to qualify with the same score as high school graduates and to base mental qualification on absolute incapacity rather than on a percentile standing.

*Fifth:* Hire civilians for non-combatant jobs wherever possible.

The Defense Department has made some progress in this area, but there is every indication that a great many more jobs in the military could be performed by civilian employees. Moreover, those jobs need not be restricted to those requiring minor skills such as typing, clerking and maintenance. We should be able to fill highly specialized occupations in the modern military service with civilians possessing high skills, and in this way economize on the present wasteful experience of training military personnel in specialized military training facilities at high expense and then losing many of them to private industry.

*Sixth:* Improve the scale of military pay and fringe benefits to a level more competitive with civilian employment.

It is only by steps in this direction that we can determine on the basis of actual experience to what extent we can reduce our reliance on the draft to meet our military

manpower needs. Gradual movement in this direction could well serve in the end to realize a net saving to the government while both increasing the professional quality of our armed forces and minimizing the draft burden for our youth as a whole.

Instituting these changes, where feasible, could improve the workings of the existing system. But I think it important to stress my strong feeling that such piece-meal modifications will not eliminate the basic defects I have noted. For that reason, I emphasize again my conviction that we should seriously consider discarding the present system altogether, and replacing it with the lottery method of selection.

Mr. Chairman, I am not wedded to any specific position on the subject of the draft, although I do strongly support giving serious consideration to the introduction of the lottery method of selection. I have tried to educate myself as best I can in the workings of the system and the alternatives before us. Some say the present draft system is the best we can devise. But I am not convinced; I think we can do better. In any event, it is incumbent on all of us here in Congress to make every effort to insure that what President Kennedy called the "burden of freedom" is carried in the fairest possible way.

### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

### FEDERAL EMPLOYEES PAY ACT OF 1966

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1153, H.R. 14122, the so-called Federal pay raise bill. I do this so that it may become the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 14122) to adjust the rates of basic compensation of certain employees of the Federal Government and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Salary and Fringe Benefits Act of 1966".

#### TITLE I—EXECUTIVE BRANCH

##### Short title

SEC. 101. This title may be cited as the "Federal Employees Salary Act of 1966".

##### Employees subject to Classification Act of 1949

SEC. 102. (a) Section 603(b) of the Classification Act of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113(b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:



"POSTAL FIELD SERVICE SCHEDULE"

"PFS"	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5	5,697	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,143	8,346
7	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	
8	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203		
9	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960		
10	8,241	8,528	8,811	9,094	9,377	9,660	9,943	10,226	10,509	10,792		
11	8,817	9,125	9,433	9,741	10,049	10,357	10,665	10,973	11,281	11,589		
12	9,393	9,721	10,049	10,377	10,705	11,033	11,361	11,689	12,017	12,345		
13	9,969	10,317	10,665	11,013	11,361	11,709	12,057	12,405	12,753	13,101		
14	10,545	10,903	11,261	11,619	11,977	12,335	12,693	13,051	13,409	13,767		
15	11,121	11,489	11,857	12,225	12,593	12,961	13,329	13,697	14,065	14,433		
16	11,697	12,075	12,453	12,831	13,209	13,587	13,965	14,343	14,721	15,099		
17	12,273	12,661	13,049	13,437	13,825	14,213	14,601	14,989	15,377	15,765		
18	12,849	13,247	13,645	14,043	14,441	14,839	15,237	15,635	16,033	16,431		
19	13,425	13,833	14,241	14,649	15,057	15,465	15,873	16,281	16,689	17,097		
20	13,999	14,417	14,835	15,253	15,671	16,089	16,507	16,925	17,343	17,761		

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows: "(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be 'RCS'. Compensation shall be paid to rural carriers in accordance with this schedule."

"RURAL CARRIER SCHEDULE"

	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route		90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles	25	25	25	25	25	25	25	25	25	25	25	25

(c) Section 3544(a) of title 39, United States Code, is amended to read as follows: "(a) There is established a basic compensation schedule, which shall be known as the Fourth Class Office Schedule and for which the symbol shall be 'FOS', for postmasters in post offices of the fourth class, in accordance with this schedule."

"FOURTH CLASS OFFICE SCHEDULE"

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
36 but fewer than 42	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
42 but fewer than 48	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
48 but fewer than 54	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
54 but fewer than 60	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
60 but fewer than 66	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893



(d) The basic compensation of each employee subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth Class Office Schedule immediately prior to the effective date of this section shall be determined as follows:

(1) Each employee shall be assigned to the same numerical step for his position which he had attained immediately prior to such effective date. If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this Act, such changes shall be deemed to have occurred prior to conversion.

(2) If the existing basic compensation is greater than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

*Employees in the Department of Medicine and Surgery of the Veterans' Administration*

SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

“§ 4107. Grades and pay scales

“(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

*“Section 4103 schedule*

“Assistant Chief Medical Director, \$25,890.  
“Medical Director, \$22,760 maximum to \$25,800 maximum.

“Director of Nursing Service, \$17,550 minimum to \$23,013 maximum.

“Director of Chaplain Service, \$17,550 minimum to \$23,013 maximum.

“Chief Pharmacist, \$17,550 minimum to \$23,013 maximum.

“Chief Dietitian, \$17,550 minimum to \$23,013 maximum.

“(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

*“Physician and dentist schedule*

“Director grade, \$20,075 minimum to \$25,435 maximum.

“Executive grade, \$18,730 minimum to \$24,355 maximum.

“Chief grade, \$17,550 minimum to \$23,013 maximum.

“Senior grade, \$15,106 minimum to \$19,813 maximum.

“Intermediate grade, \$12,873 minimum to \$16,905 maximum.

“Full grade, \$10,927 minimum to \$14,338 maximum.

“Associate grade, \$9,221 minimum to \$12,056 maximum.

*“Nurse schedule*

“Assistant Director grade, \$15,106 minimum to \$19,813 maximum.

“Chief grade, \$12,873 minimum to \$16,905 maximum.

“Senior grade, \$10,927 minimum to \$14,338 maximum.

“Intermediate grade, \$9,221 minimum to \$12,056 maximum.

“Full grade, \$7,696 minimum to \$10,445 maximum.

“Associate grade, \$6,730 minimum to \$8,749 maximum.

“Junior grade, \$5,867 minimum to \$7,649 maximum.

“(2) No person may hold the director grade

unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position.”

“Class 1.....	\$23,935	\$24,770	\$25,890						
Class 2.....	19,333	20,004	20,675	\$21,347	\$22,018	\$22,689	\$23,360		
Class 3.....	15,841	16,391	16,941	17,491	18,041	18,591	19,141		
Class 4.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561		
Class 5.....	10,062	10,970	11,338	11,706	12,074	12,442	12,810		
Class 6.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667		
Class 7.....	7,473	7,724	7,975	8,226	8,477	8,728	8,979		
Class 8.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729		

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a)) is amended to read as follows: “The per

*Foreign service officers; staff officers and employees*

SEC. 106. (a) The fourth sentence of section 412 of the Foreign Service Act of 1946, as amended (22 U.S.C. 867), is amended to read as follows: “The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

annum salaries of such staff officers and employees within each class shall be as follows:

“Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act of 1946 shall receive basic compensation, on and after such effective date, at the rate of their class determined to be appropriate by the Secretary of State.

*Agricultural stabilization and conservation county committee employees*

SEC. 107. The rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

*Salary rates fixed by administrative action*

SEC. 108. (a) The rates of basic compensation of assistant United States attorneys whose basic salaries are fixed pursuant to section 508 of title 28, United States Code, shall be increased, effective on the effective date of section 102 of this title, by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

(b) Notwithstanding section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), the rates of compensation of officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of compensation are fixed by administrative action pursuant to law and are not otherwise increased by this Act are hereby authorized to be increased, effective on the effective date of section 102 of this title, by amounts not to exceed the increases provided by this title for corresponding rates of compensation in the appropriate schedule or scale of pay.

(c) Nothing contained in this section shall be held or considered to authorize any increase in the rates of compensation of officers and employees whose rates of compensation are fixed and adjusted from time to time as nearly as is consistent with the

public interest in accordance with prevailing rates or practices.

(d) Nothing contained in this section shall affect the authority contained in any law pursuant to which rates of compensation may be fixed by administrative action.

*Effective dates*

SEC. 109. This title shall become effective as follows:

(1) This section and sections 101, 103, and 108 shall become effective on the date of enactment of this Act.

(2) Sections 102, 104, 105, 106, and 107, shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

**TITLE II—JUDICIAL BRANCH**

*Short title*

SEC. 201. This title may be cited as the “Federal Judicial Salary Act of 1966”.

*Judicial branch employees*

SEC. 202. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed by or pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3656 of title 18, United States Code, the third sentence of section 603, sections 671 to 675, inclusive, or section 604(a)(5), of title 28, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended. The rates of basic compensation of officers and employees holding ungraded positions and whose salaries are fixed pursuant to such section 604(a)(5) may be increased by the amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

(b) The limitations provided by applicable law on the effective date of this section with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges are hereby increased by amounts



which reflect the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

(c) Section 753(e) of title 28, United States Code (relating to the compensation of court reporters for district courts), is amended by striking out the existing salary limitation contained therein and inserting a new limitation which reflects the respective applicable increases provided by section 102 (a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

#### *Effective dates*

SEC. 203. This title shall become effective as follows:

(1) This section and section 201 shall become effective on the date of enactment of this Act.

(2) Section 202 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### **TITLE III—LEGISLATIVE BRANCH**

##### *Short title*

SEC. 301. This title may be cited as the "Federal Legislative Salary Act of 1966".

##### *Legislative branch employees*

SEC. 302. (a) Except as otherwise provided in this title, each officer or employee in or under the legislative branch of the Government, whose rate of compensation is increased by section 5 of the Federal Employees Pay Act of 1946, shall be paid additional compensation at the rate of 2.9 per centum of his gross rate of compensation (basic compensation plus additional compensation authorized by law).

(b) The total annual compensation in effect immediately prior to the effective date of this section of each officer or employee of the House of Representatives, whose compensation is disbursed by the Clerk of the House of Representatives and is not increased by reason of any other provision of this section, shall be increased by 2.9 per centum. Notwithstanding section 303 of this title or any other provision of this section, the total annual compensation of the Clerk of the House of Representatives and the Sergeant at Arms of the House of Representatives, respectively, shall be an amount which is equal to the total annual compensation of the Secretary of the Senate and the Sergeant at Arms of the Senate, respectively.

(c) The rates of compensation of employees of the House of Representatives whose compensation is fixed by the House Employees Schedule under the House Employees Position Classification Act (78 Stat. 1079-1084; Public Law 88-652; 2 U.S.C. 291-303), including each employee subject to such Act whose compensation is fixed at a saved rate, are hereby increased by amounts equal, as nearly as may be practicable, to the increases provided by subsection (a) of this section.

(d) The additional compensation provided by this section shall be considered a part of basic compensation for the purposes of the Civil Service Retirement Act (5 U.S.C. 2251 and following).

(e) This section shall not apply with respect to the compensation of student congressional interns authorized by House Resolution 416, Eighty-ninth Congress, and the compensation of employees whose compensation is fixed by the House Wage Schedule under the House Employees Position Classification Act.

(f) The basic compensation of each employee in the office of a Senator is hereby adjusted, effective on the effective date of this section, to the lowest multiple of \$60 which will provide a gross rate of compensa-

tion not less than the gross rate such employee was receiving immediately prior thereto, except that the foregoing provisions of this subsection shall not apply in the case of any employee if on or before the fifteenth day following the date of enactment of this Act, the Senator by whom such employee is employed notifies the disbursing office of the Senate in writing that he does not wish such provisions to apply to such employee. In any case in which, at the expiration of the time within which a Senator may give notice under this subsection, such Senator is deceased, such notice shall be deemed to have been given.

(g) Notwithstanding the provision referred to in subsection (h), the rates of gross compensation of the Secretary for the Majority of the Senate, the Secretary for the Minority of the Senate, the Chief Reporter of Debates of the Senate, the Parliamentarian of the Senate, the Senior Counsel in the Office of the Legislative Counsel of the Senate, the Chief Clerk of the Senate, the Chaplain of the Senate, and the Postmaster and Assistant Postmaster of the Senate are hereby increased by 2.9 per centum.

(h) The paragraph imposing limitations on basic and gross compensation of officers and employees of the Senate appearing under the heading "SENATE" in the Legislative Appropriations Act, 1956, as amended (74 Stat. 304; Public Law 86-568), is amended by striking out "\$23,770" and inserting in lieu thereof "\$24,460".

(i) The limitation on gross rate per hour per person provided by applicable law on the effective date of this section with respect to the folding of speeches and pamphlets for the Senate is hereby increased by 2.9 per centum. The amount of such increase shall be computed to the nearest cent, counting one-half cent and over as a whole cent. The provisions of subsection (a) of this section shall not apply to employees whose compensation is subject to such limitation.

##### *Salary increase limitation*

SEC. 303. No rate of compensation shall be increased, by reason of the enactment of this title, to an amount in excess of the salary rate now or hereafter in effect for level V of the Federal Executive Salary Schedule.

##### *Effective dates*

SEC. 304. This title shall become effective as follows:

(1) This section and section 301 shall become effective on the date of enactment of this Act.

(2) Sections 302 and 303 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### **TITLE IV—MISCELLANEOUS PROVISIONS**

##### *Salary steps for certain employees transferred to postal field service*

SEC. 401. Section 3551 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The Postmaster General may appoint or advance any Federal employee who, together with his function, is transferred, prior to, on, or after the date of enactment of this subsection, to a post office or other postal installation at or to (1) the minimum rate for his position, or (2) any higher rate for his position which is less than one full step above the highest rate of compensation received by him immediately prior to such transfer."

##### *Postal seniority adjustments*

SEC. 402. (a) The Postmaster General shall advance any employee in the postal field service

(1) who was promoted to a higher level between July 9, 1960, and October 13, 1962;

(2) who is senior with respect to total postal service to an employee in the same

post office promoted to the same level on or after October 13, 1962, and is on the effective date of this section in a step in the same level below the step of the junior employee; and

(3) whom the Postmaster General determines is in the same craft and same branch of the Post Office Service as such junior employee.

Such advancement by the Postmaster General shall be to the highest step which is held by any such junior employee. Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained.

(b) Section 3552 of title 39, United States Code, is amended by deleting subsection (d).

##### *Special delivery messengers*

SEC. 403. Section 3542(c) of title 39, United States Code, is amended—

(1) by striking out "7 cents per mile or major fraction thereof" and inserting in lieu thereof "10 cents per mile or major fraction thereof"; and

(2) by striking out "90 cents per hour" and inserting in lieu thereof "\$1.25 per hour".

##### *Overtime*

SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

(1) by inserting "or, with the exception of employees engaged in professional or technical engineering or scientific activities for whom the first forty hours of duty in an administrative workweek is the basic workweek and employees whose basic compensation exceeds the minimum rate of grade GS-10 of the Classification Act of 1949, as amended, for whom the first forty hours of duty in an administrative workweek is the basic workweek, in excess of eight hours in a day" immediately following "in excess of forty hours in any administrative workweek"; and

(2) by striking out "grade GS-9" wherever it occurs therein and inserting in lieu thereof "grade GS-10".

(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out "grade GS-9" and inserting in lieu thereof "grade GS-10".

(c) Section 401 of such Act, as amended (5 U.S.C. 926), is amended by striking out "grade GS-9" wherever it occurs therein and inserting in lieu thereof "grade GS-10".

(d) Subsections (b) and (c) of section 3573 of title 39, United States Code, are amended by striking out "level PFS-7" and level PFS-8", wherever appearing therein, and inserting in lieu thereof "level PFS-10" and "level PFS-11", respectively.

##### *Sunday premium pay*

SEC. 405. (a) The heading of title III of the Federal Employees Pay Act of 1945, as amended, is amended to read as follows:

"TITLE III—COMPENSATION FOR NIGHT, SUNDAY, AND HOLIDAY WORK"

(b) (1) Section 302 of such Act, as amended (5 U.S.C. 922), is redesignated as section 303 of such Act.

(2) Any reference in any provision of law to section 302 of the Federal Employees Pay Act of 1945, which is redesignated as section 303 of such Act by paragraph (1) of this subsection, shall be held and considered to refer to section 303 of such Act, as so redesignated.

(c) Title III of such Act, as amended (5 U.S.C. 921 and following), is amended by inserting immediately following section 301 thereof the following:

##### *"Compensation for Sunday work"*

"SEC. 302. Any regularly scheduled eight-hour period of service which is not overtime



work as defined in section 201 of this Act any part of which is performed within the period commencing at midnight Saturday and ending at midnight Sunday shall be compensated for the entire period of service at the rate of basic compensation of the officer or employee performing such work plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation."

(d) Section 401(1) of such Act, as amended (5 U.S.C. 926(1)), is amended by inserting "Sunday," immediately following the word "night".

(e) Section 401(2) of such Act, as amended (5 U.S.C. 926(2)), is amended—

(1) by inserting in the first sentence thereof "on Sundays," immediately following the words "duty at night"; and

(2) by inserting in the second sentence thereof "Sunday," immediately following "night".

(f) The first paragraph of section 23 of the Independent Offices Appropriation Act, 1935, as amended (5 U.S.C. 673c), is amended by inserting immediately before the period at the end thereof the following: "Provided further, That employees subject to this section whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during that eight-hour period of service".

*Health and insurance coverage for certain employees on leave without pay*

SEC. 406. (a) Section 6 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2095), is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the foregoing, an officer or employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, elect to continue his insurance and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions from the beginning of leave without pay. If he does not so elect, his insurance will continue during nonpay status and terminate as provided in subsection (a) of this section. The employing agency shall forward the premium payments to the fund established by section 5 of this Act."

(b) Section 7(b) of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3006(b)), is amended—

(1) by inserting "(1)" immediately following "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to continue his health benefits coverage and arrange to pay currently into the fund, through his employing agency from the beginning of leave without pay, both employee and agency contributions. If he does not so elect, his coverage will terminate as specified in paragraph (1) and implementing regulations. The employing agency shall forward the enrollment charges so paid to the fund."

(c) An officer or employee who is on approved leave without pay and serving as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of the Federal Employees' Group Life Insurance Act of 1954, as

amended (5 U.S.C. 2091), or section 2 of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3001), as the case may be, may, within sixty days after the date of enactment of this Act, file with his employing agency an election (1) to continue any insurance status or health benefits enrollment, or both, that he has on the date of enactment of this Act, (2) to reacquire any insurance status or health benefits enrollment, or both, which he may have lost while on leave without pay, or (3) to acquire an insured status or enroll in a health benefits plan, or both, if he was never previously eligible to do so, by arranging to pay currently and continuously into the employees' life insurance fund and the employees' health benefits fund, as appropriate, through his employing agency, both employee and agency contributions. The employing agency shall forward such payments to the employees' life insurance fund and the employees' health benefits fund, as appropriate. If he does not so elect, his insurance status and health benefits enrollment will continue and terminate as for other employees in nonpay status, or he will remain ineligible for insurance and health benefits, as the case may be, as though this paragraph had not been enacted. The United States Civil Service Commission is authorized to issue regulations to carry out the purposes of this paragraph.

*Increase in uniform allowances*

SEC. 407. (a) Section 402 of the Federal Employees Uniform Allowance Act, as amended (5 U.S.C. 2131-2133), is amended by inserting immediately following the second sentence thereof the following new sentence: "In those instances where the agency makes reimbursement direct to the uniform vendor, the head of the agency may deduct a service charge not to exceed 4 per centum."

(b) Such Act is further amended by adding at the end thereof the following new section:

"SEC. 405. Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title are hereby increased, subject to the maximum allowance authorized by this title, as follows:

"(1) If the maximum uniform allowance is \$100 or more, such allowance shall be increased by 25 per centum.

"(2) If the maximum uniform allowance is \$75 or more but less than \$100, such allowance shall be increased by 30 per centum.

"(3) If the maximum uniform allowance is \$50 or more but less than \$75, such allowance shall be increased by 35 per centum.

"(4) If the maximum uniform allowance is less than \$50, such allowance shall be increased by 40 per centum.

Such maximum uniform allowances, as in effect on April 1, 1966, and as increased by this section, shall not be reduced."

SEC. 408. (a) Section 303(c) of the Federal Executive Salary Act of 1964 (78 Stat. 416; Public Law 88-426) is amended by adding at the end thereof the following new paragraph:

"(47) Director of the Federal Mediation and Conciliation Service."

(b) Paragraph (30) of section 303(d) of such Act is hereby repealed.

*Effective dates*

SEC. 409. This title shall become effective as follows:

(1) This section and sections 401, 406, and 407 shall become effective on the date of enactment of this Act.

(2) Sections 403, 404, and 405 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

(3) Sections 402 and 408 shall take effect

on the first day of the first pay period after the enactment of this Act.

**TITLE V—CIVIL SERVICE RETIREMENT**

*Short title*

SEC. 501. This title may be cited as the "Civil Service Retirement Act Amendments of 1966".

*Definitions*

SEC. 502. Section 1(j) of the Civil Service Retirement Act (5 U.S.C. 2251(j)) is amended by inserting the letter "(d)" after the words "for purposes of section 10"; by striking out the words "received more than one-half of his support from and"; and by striking out the words "twenty-one" and "twenty-first" wherever they occur and inserting in lieu thereof the words "twenty-two" and "twenty-second", respectively.

*Retirement coverage for certain employees on leave without pay*

SEC. 503. Section 3 of the Civil Service Retirement Act (5 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:

"(k)(1) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions and agency contributions which would be applicable if he were in pay status. An employee who is on approved leave without pay and serving as a full-time officer or employee of such an organization on the date of enactment of this subsection may similarly elect within sixty days after such date of enactment. If the election and all payments provided by this paragraph are not made, the employee shall receive no credit for such periods of leave without pay occurring on or after date of enactment of this subsection, notwithstanding the provisions of the second sentence of section 3(c) of this Act.

"(2) An employee may deposit with interest an amount equal to retirement deductions representing any period or periods of approved leave without pay while serving, prior to the date of enactment of this subsection, as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, and may receive full retirement credit for such period or periods of leave without pay. In the event of his death, a survivor as defined in section 1(o) of this Act may make such deposit. If the deposit described in this paragraph is not made in full, retirement credit shall be allowed in accordance with the second sentence of section 3(c) of this Act."

*Immediate retirement*

SEC. 504. (a) Section 6(a) of the Civil Service Retirement Act (5 U.S.C. 2256(a)) is amended to read as follows:

"(a) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

(b) Section 6(b) of such Act (5 U.S.C. 2256(b)) is amended to read as follows:

"(b) Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

*Annuity computation*

SEC. 505. Section 9(d) of such Act (5 U.S.C. 2259(d)) is amended to read as follows:

"(d) The annuity as hereinbefore provided, for an employee retiring under section



6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum or each full month in excess of sixty, such Member is under the age of sixty years at date of separation."

#### *Survivor annuities*

SEC. 506. (a) Section 10(a) (2) of the Civil Service Retirement Act (5 U.S.C. 2260(a) (2)) is amended to read as follows:

"(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor's remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor's death or remarriage."

(b) The last sentence of section 10(c) of such Act (5 U.S.C. 2260(c)) is amended to read as follows: "The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower's becoming capable of self-support."

(c) Section 10(d) of such Act (5 U.S.C. 2260(d)) is amended to read as follows:

"(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of this Act, and is survived by a wife or by a husband, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children, subject to the provisions of section 18. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children, subject to the provisions of section 18. The commencing date of a child's annuity under this Act or the Act of May 29, 1930, as amended from and after February 28, 1948, shall be deemed to be the day after the employee or Member dies, with payment beginning on that day or beginning or resuming on the first day of the month in which the child later becomes or again becomes a student as described in section 1(j), provided the lump-sum credit, if paid, is returned to the fund. Such annuity shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs. Upon the death of the surviving wife or husband or termination of the child's annuity, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member."

(d) Section 10 of such Act (5 U.S.C. 2260) is amended by adding at the end thereof the following subsection:

"(f) In the case of a surviving spouse whose annuity under this section is hereafter terminated because of remarriage before attaining age sixty, annuity at the same rate shall be restored commencing on the day such remarriage is dissolved by death, annulment, or divorce: Provided, That (1) said surviving spouse elects to receive such annuity in lieu of any survivor benefit to which he or she may be entitled, under this or any other retirement system established for employees of the Government, by reason of the remarriage, and (2) any lump sum paid upon termination of the annuity is returned to the fund."

#### *Increases in certain annuities*

SEC. 507. Section 18 of the Civil Service Retirement Act (5 U.S.C. 2268) is amended by adding at the end thereof the following subsection:

"(g) Effective on (1) the first day of the second month after the enactment of this Act, or (2) the commencing date of annuity, whichever is later, the annuity of each surviving spouse whose entitlement to annuity payable from the civil service retirement and disability fund resulted from the death of:

"(A) an employee or Member prior to October 11, 1962, or

"(B) a retired employee or Member whose retirement was based on a separation from service prior to October 11, 1962, shall be increased by 10 per centum."

#### *Effective dates*

SEC. 508. (a) This section, section 509, and subsections 1(j), 3(k), 6(a), 6(b), 9(d), 10(a) (2), 10(c), 10(d), and 10(f) of the Civil Service Retirement Act, as enacted or amended by this title, shall become effective on the date of enactment of this Act.

(b) Except as provided in section 507 and in subsection (c) of this section, the amendments made by this title to the Civil Service Retirement Act shall not apply in the cases of persons retired or otherwise separated prior to these respective effective dates, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted.

(c) The amendments made by this title to sections 1(j) and 10(d) of the Civil Service Retirement Act relating to payment, continuance, resumption, and termination of annuity to a child who is a student shall apply with respect to children of persons retired or otherwise separated prior to, on, or after the date of enactment of this title, except that no child's annuity shall be paid by reason of these amendments for any period prior to such date of enactment.

#### *Miscellaneous*

SEC. 509. The provisions under the heading "Civil Service Retirement and Disability Fund" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

#### **TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS**

SEC. 601. Section 2(d) of the Federal Employees Health Benefits Act of 1959 (73 Stat. 709; 5 U.S.C. 3001(d)) is amended by striking out "twenty-one" wherever it appears therein and inserting in lieu thereof "twenty-two".

SEC. 602. Paragraphs (1) and (2) of section 7(a) of such Act are amended to read as follows:

"(1) Except as provided in paragraph (2) of this subsection, the biweekly Government contributions for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3),

shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family, commencing with the first pay period beginning on or after July 1, 1966.

"(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge, commencing with the first pay period beginning on or after July 1, 1966."

#### **SENATOR RANDOLPH DISCLOSES AND DEPLORES LACK OF PARITY BETWEEN COAL RESEARCH AND NUCLEAR POWER RESEARCH—SAYS CONVERTING OF COAL INTO ELECTRIC POWER MERITS PROGRAM EQUAL TO PRIORITY GIVEN NUCLEAR EFFORT—URGES THAT COAL INDUSTRY AND CONGRESS ACT PROMPTLY TO CORRECT INEQUITY**

Mr. RANDOLPH. Mr. President, during the past year we have witnessed a remarkable growth of nuclear electric power. In 1965, new nuclear plants—with aggregate output capabilities of almost 5 million kilowatts—were announced for construction. This year, additional nuclear plants estimated to be capable of producing almost 8 million kilowatts have been committed for construction, and a number of others are under active consideration. These are not experimental plants. They are large baseload stations to produce electricity for systemwide distribution.

These facts provide further dramatic evidence that nuclear power has developed as a major source of electricity much faster than had been contemplated, even by the Atomic Energy Commission. Milton Shaw, director of the AEC's Division of Reactor Development and Technology, recently submitted to the Joint Committee on Atomic Energy a chart which indicates this accelerated rate growth. He pointed out that the AEC's 1962 report to the President of the United States on the state of the nuclear art projected a total nuclear power capacity of 10.3 million kilowatts by 1975. Based on the latest information about plans of electric utilities, this projection—only 4 years later—has been increased to 36 million kilowatts.

Representative MELVIN PRICE, a member of the Joint Committee, has said in a recent speech that the Atomic Energy Commission has now gone even further in its nuclear prediction. It foresees approximately 80 to 110 million kilowatts of nuclear generated capacity in operation in this country by 1980.

I do not understand why, in view of this phenomenal growth of nuclear power and its acceptance by the utility industry as a dependable source of power, the Atomic Energy Commission has been so reluctant to issue a finding of practical value, as provided by law, covering the type of plant now being built. Such a response would be a recognition of the facts now prevalent in the nuclear power industry. It would accurately confirm the fact that the light water reactors are no longer experimental in nature. They have



achieved a state of practical value and, therefore, should be licensed as commercial operations, rather than as experimental ones.

If I am correct in my interpretations, the Commission contends that no one can be sure that the light water reactors have achieved a state of practical value and that they are fully competitive with conventional power sources until the economics have been established through operating experience. Present cost estimates are, we are told, nothing more than estimates—extrapolations of experience in small plants or in the laboratory to the 500,000 kilowatt and larger plants. It is difficult to accept an argument that the management of privately owned electric utilities are willing to gamble hundreds of millions of dollars on plants and facilities the performance of which is as uncertain as the AEC apparently indicates.

Mr. President, I know that, as far as the coal industry is concerned, there is a complete acceptance of the fact that nuclear power is a real and pressing competitor of conventionally generated electricity. The 12 million kilowatts of new nuclear capacity already announced would, if produced in a conventional plant, require 30 million tons of coal a year. Hence, a market loss for at least 30 years to coal is a consequence.

Being a Senator from the Nation's major coal producing State, I am concerned as are West Virginians generally, for the effect the increasing rate of nuclear development will have on coal's electric utility market. I am fully aware that Chairman Seaborg of the Atomic Energy Commission and others have repeatedly issued assurances that nuclear power does not really compete with coal, but is, in effect, a supplementary source of power. They say this is because the demand for electricity is growing at such a fast rate that—despite the introduction of vast amounts of nuclear power into the Nation's energy supply systems—coal will double by 1980.

But we cannot ignore the fact that nuclear power is developing three times faster than the AEC forecast in projections as late as 1962. Further, the fact is that notwithstanding this upsurge in nuclear power the AEC is not retrenching in its multimillion-dollar research and development program to strengthen even further the competitive position of nuclear power.

The reactors now being built are the first generation of commercial nuclear powerplants. They are the product of vast Government expenditures and substantial direct subsidies. It is true that the Government has now removed itself from the direct subsidy picture, insofar as these light water reactors are concerned. It has terminated subsidies to utilities planning to build such reactors. But the AEC has shifted its emphasis from the light water reactors to so-called advanced converter reactors and to fast breeder reactors.

Mr. President, I emphasize the fact that our Government has not made any move for a redress in the startling imbalance which has long existed between research and development funds for

nuclear research and funds for other forms of energy. The disparity continues to grow.

In the current budget, the Office of Coal Research will receive about \$8 million to carry on its entire research program into new and improved utilization of coal during fiscal 1967. Coal provides the heat source of more than 50 percent of all of the Nation's electric power. Our coal reserves approximate 800 billion tons, a vast storehouse of potential fuel and energy. Developing new methods for the converting of coal into electric power at lower costs should have a priority equal to that for improved and cheaper nuclear generation of power.

I believe that the disparity is wrong. It cannot be justified. I urge my Senate colleagues to consider the following facts—and help to right this wrong.

The budget reveals a startling and unjust differential between coal and nuclear research financing proposals. For further work on civilian power reactors, AEC is requesting this year in excess of \$90 million. It expects to have 20 million to spend on the cooperative demonstration program under which Federal funds will be expended to build and operate various types of nuclear reactors. In addition, \$38 million is scheduled to be applied to nuclear safety. Compare this with a request for only \$8 million for coal research.

Coal research, of course, needs to be carried forward in a greater degree. Not that we feel that nuclear research is unimportant but we do feel that the Nation will have to look to nuclear power to provide a large share of the immense amount of energy which we will use but we are also going to need the coal resources to generate that power.

Nuclear research is important, and it should be carried on by the AEC. Indeed, the Nation will have to look to nuclear power to provide a large share of the immense amounts of energy which it will use.

But to reach a stage in the development of nuclear technology where nuclear power will become the dominant energy source certainly should not mean, Mr. President, that the Nation should be satisfied with anything less than the ultimate benefits from its plentiful natural resource, coal. We are in the atomic age, but we must remember the fact that this also is the age of coal—the real and dependable work horse of the energy field for many decades.

Our country will need all of its energy resources in the future.

With the huge population increases, with our metropolitan centers pushing ever constantly closer together, it would be a national scandal for a large portion of our coal reserves to remain unusable in the ground because we lacked the foresight to so manage our affairs as to achieve a proper balance between fossil fuels and nuclear power.

There is no denying that the trend today is toward nuclear power. In view of the gigantic expenditures made in recent years on nuclear research and development, it would be surprising if this were not true.

My purpose Mr. President, is to urge

that in developing our nuclear future we do not lose sight of the resource represented by our prolific coal reserves.

While continuing research and development on nuclear power, let us devote more of our money and research talent to coal, also.

There are a number of research areas in which sufficient progress has already been made to indicate that significantly important results might be achieved in a relatively short time by an expanded, well financed, and capably staffed research program.

These include studies of ways to improve combustion efficiency of conventional steam generating plants, methods of further lowering transportation costs, new uses for coal to provide energy in gaseous and liquid forms, and entirely new means of producing electricity from coal without the necessity of creating steam to turn turbines.

As one example, I understand the Office of Coal Research is considering joining with a group of private companies to carry forward research on a promising form of generation by magnetohydrodynamics on which the private companies have already spent several millions of dollars. I am told that a 5-year research program is contemplated, with the Government and the private companies sharing the future costs. I hope OCR finds that this project does hold promise of success and decides to go ahead with its participation. And if it should find that favorable results could be achieved sooner by the expenditure of more funds than it presently has available for the purpose, I hope the Secretary of the Interior will bring before the Congress for our consideration a request for a supplemental appropriation.

Certainly, there are other projects which offer real possibilities for expanding the national benefits to be derived from our plentiful coal resources, if adequate research is devoted to them.

The coal industry needs to recognize that it faces a compelling challenge. It cannot be content with past achievements. The industry itself should name a committee of its outstanding people to take a penetrating look at the whole range of research programs. These experts could chart a course behind which both the industry and the Government could rally. They could point out the paths which must be followed in finding new and more economical ways to use coal more efficiently and effectively to generate power. We must remember that the utility industry and consumers are interested only in low-cost power.

It is my sincere belief that, if a comprehensive, practical research program is developed, it will attract wide support in the Congress. The coal industry must reorient its own thinking. We are in a new era. The key to success largely resides in the laboratory. I hope the industry will meet the challenge posed by the atom with new vision and much keener understanding of the role which research can play in preserving and maintaining a strong, viable coal industry. And the leaders of our Government have a responsibility in these matters, too, as does the Congress.









# **DIGEST** of Congressional Proceedings

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D. C. 20250  
OFFICIAL BUSINESS

POSTAGE AND FEES PAID  
U. S. DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
FOR INFORMATION ONLY;  
NOT TO BE QUOTED OR CITED)

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HIGHLIGHTS: See page 8

### HOUSE

1. CLAIMS. Concurred in the Senate amendment to H. R. 13651, to "authorize heads of agencies or their designees to compromise claims that do not exceed \$20,000, and are claims for money or property arising out of activities of the agency or are referred to it." This bill will now be sent to the President. pp. 14301-2
2. TRANSPORTATION. Rep. Younger commended and inserted a speech by the president of the United States Freight Co. favoring a Department of Transportation. pp. 14306-7

3. INFLATION. Rep. Curtis inserted an item, "Hush-Hush on Prices," which he claimed is an "interesting explanation of how the Johnson administration intends to control inflation." p. 14311
4. POVERTY. Both Houses received the first annual report of the Office of Economic Opportunity. pp. 14388, 14392
5. INTEREST RATES. Rep. Patman spoke on "high interest rates" and criticized the laws under which the Federal Reserve Board operates. pp. 14312-69
6. PRICES. Rep. Curtis stated that he does not "favor price-fixing agreements of any kind, except perhaps as stopgap measures to give time to implement more fundamental policies," and inserted an article on the "difficulties being encountered by the United States in negotiating an international cocoa agreement." pp. 14373-4  
Rep. Gathings stated that "higher food and consumer prices have been responsible for most of the rise in living costs over the past year," and commended the Defense Dept. "for turning to margarine this year when supplies of butter became much lower than usual" and farmers for "turning from cotton and other enterprises to soybeans in many areas." pp. 14382-3
7. PRESIDENT'S SPEECHES. Rep. Hansen, Iowa, commended and inserted the speeches made by the President on his recent trip to Iowa and Nebraska. pp. 14376-82
8. PUBLIC LAW 480. Both Houses received a GAO report on "management of donated food programs for Mexico" under Public Law 480. pp. 14388, 14392
9. LEGISLATIVE PROGRAM. Rep. Albert announced that on Tues. the House will consider the foreign aid authorization bill. p. 14305

SENATE

10. PERSONNEL. Passed, 81-0, as reported H. R. 14122, the proposed Federal Employees' Salary Act of 1966. Rejected: 9-71, a Lausche amendment to make the effective date January 1, 1967, instead of July 1, 1966; and a Williams, Del. amendment, 18-62, providing for an increase in retirement contributions by employees from 6½ to 7 percent with matching amounts contributed by the Government. pp. 14450-89
11. CHILD NUTRITION. The Agriculture and Forestry reported during adjournment (7-7) S. 3467, with an amendment, the child nutrition bill (S. Rept. 1360). p. 14391  
Sen. Byrd, W. Va., spoke in favor of S. 3467, the child nutrition bill. p. 14449  
Sen. Proxmire praised the school milk provisions of S. 3467, the child nutrition bill. p. 14426  
Passed without amendment S. 1312, to authorize funds for the administration of school lunch programs in the D. C. p. 14417
12. AIR POLLUTION. The Committee on Public Works reported during adjournment S. 3112, the proposed Clean Air Act Amendments of 1966 (S. Rept. 1361). p. 14391 (7-7.)



To spread information effectively, the experimenters have hired a "family planning educator" in each Black Belt county. The educator is a Negro woman who is widely known, liked and respected in the community, a person able to talk informally with the women visiting the health clinics.

### CHILD NUTRITION

Mr. BYRD of West Virginia. Mr. President, I wish to add my endorsement to Senate bill 3467, a bill to amend the National School Lunch Act by expanding the food service programs that are offered to schoolchildren in the country. The bill incorporates a measure which I was happy to cosponsor to make the school milk program permanent and to maintain its authorization at a high level. It also contains many of the fine features of the Child Nutrition Act which was proposed earlier this year.

Coming from the State of West Virginia, which shouldered what may go down in history as the greatest employment hardship anywhere resulting from technological progress, I know the value of these school food service programs.

I cannot emphasize too fully the effect which the Federal school milk program has had upon youngsters—not only in West Virginia—but also in all other States. By offering these children milk at prices within the allowances of their families, we have contributed, perhaps, the most important element of their physical growth. It has given them nutrition which they may never have received had it not been for the program.

In West Virginia alone, 250,169 students are enrolled in primary and secondary schools participating in the program. The estimated \$102 million that will be spent nationally on the program during fiscal year 1966 has meant a contribution of \$586,000 to West Virginia.

Currently, West Virginia receives about \$2.4 million for the school lunch program. It is also anticipated that West Virginia will share in breakfast funds, as they are to be allocated on the basis of average family income in each State, compared to the national average.

Under the milk program, the youngsters have been able to buy milk—when they can afford it—for as little as 2 or 3 cents a half pint. Without this Federal aid, the cost will jump, perhaps, from 7 to 10 cents for the same half pint.

I would like to note a statement made by the president of one parent-teacher association at Huntington, W. Va. He said:

Many of our children depend upon this milk for the nourishment that is needed to keep them in school. Without proper nourishment our children lose interest in school and these children are our potential drop-outs.

I believe we are making great strides in the economic recovery of Appalachia. We are planning new roads and airports to open the area to tourists and businessmen. We are seeking new industries for our unemployed. This program of offering low-cost food to our youngsters represents a major factor in preparing the people of Appalachia for the future. Our youngsters are the future. To help them

meet the challenges, we must offer the proper foods for their good health.

### MOST WELFARE RECIPIENTS EARN THEIR KEEP

Mr. MOSS. Mr. President, I find that one of the most persistent misconceptions existing in my State of Utah is that welfare payments are handed out to individuals who refuse to work in order to qualify for assistance. When I was at home recently over the 4th of July recess, several citizens in their discussions with me expressed their dissatisfaction with the "handout of money" to people who refuse to work. Some were quite vehement in their insistence that there were many, many people who simply sat down and refused to work while drawing welfare.

Consequently, I was pleased to see an article written by Arnold Irvine, which appeared in the Deseret News on Thursday, July 7, 1966, discussing this problem. He points out that in Utah there is a requirement that those people seeking welfare, work to the extent that they are able. And it is pointed out that in Salt Lake County, which is the largest county in our State, populationwise, 100 percent of the employables on welfare assistance are participating in work projects. Moreover, Mr. Campanaro is quoted as saying:

People like to work. They don't like to be taken off the projects.

This has been my observation from personal experience. I believe that people do indeed, like to work. They would much prefer some activity and the feeling of importance that comes from giving services for support received.

I ask unanimous consent that the article to which I have referred be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### MOST WELFARE CASES EARN THEIR KEEP (By Arnold Irvine)

"Why don't they make these people on the welfare rolls work for what they get?"

This is a question that employes and officials of county and state welfare departments hear almost daily.

The answer they give is most able-bodied persons receiving welfare assistance ARE working to pay their keep. Only three counties, Beaver, Daggett and Rich, had no welfare work projects in 1965.

#### ONE HUNDRED PERCENT

"We have 100 per cent of the employables on welfare assistance participating in work projects," Jeano Campanaro said of the situation in Salt Lake County. He has had charge of work projects in the county and has just been appointed director of volunteer services.

He explained that those not considered employable include invalids, persons who are mentally incompetent and mothers with children to care for.

#### HIS PHILOSOPHY

"Any person who walks and talks and has two hands is capable of some kind of work," is the way Mr. Campanaro sums up his philosophy about welfare work projects.

The projects are all connected with governmental or other public agencies and include many types of work—janitorial, groundskeeping, street cleaning, construc-

tion labor, food handling, clerical, personal services, etc. The "etc." is limited only by the imagination of the caseworkers and the abilities of the clients.

#### SIDE BY SIDE

No regular paid employes of a department may be replaced with welfare clients. The welfare clients are supplemental workers that are employed where there is need for them but no funds to pay them. Yet the welfare people work alongside paid employes from whom they are indistinguishable, and make a worthwhile contribution.

In some instances, the projects are designed to benefit the welfare clients themselves.

For instance, many Indians on the welfare rolls in San Juan County are making cement blocks and building their own homes to replace primitive hogans. The Indians also are working on road crews and installing water systems.

Salt Lake County inaugurated a project of having women on welfare assistance make periodic visits to the homes of elderly welfare clients who needed special care and attention.

Sixteen women were given two weeks' training for this project in January. They were taught food preparation, shopping, budgeting, grooming, household cleanliness and other appropriate subjects.

#### ALL GAIN

Everyone involved has benefitted from the project—the visitors, the visitees and the taxpayers. Through the experience they gained and the contacts they made, half of the 16 women involved in the project have found gainful employment in nursing homes or private homes.

The women doing the visiting get satisfaction from helping others and the persons visited are greatly benefitted as well. For one thing, they do not have to be placed in rest homes so soon. This has saved the state thousands of dollars as well.

#### CREATES JOB

"If I don't have a project for a person who wants to work, I'll go out and create one," Mr. Campanaro said.

He told of placing a woman in the cafeteria of one of the public agencies. He had seriously considered committing her to the State Mental Hospital, but the people at the cafeteria were willing to try to help.

She responded surprisingly well to the work "therapy" and was hired as a regular staff member.

Another woman has become an assistant librarian after having learned the job on a welfare project.

#### LIKE WORK

"People like to work. They don't like to be taken off the projects," Mr. Campanaro said.

One project worker expressed herself this way: "It's the only thing I have that keeps me going. It makes me feel important in life."

The welfare clients' pay rate is figured at a dollar an hour so that an individual receiving \$86 per month welfare assistance is expected to work 86 hours. Couples receiving \$138 a month work 138 hours and so on.

#### THIRTY-DAY AID

Persons who refuse to work or fail to perform in a satisfactory manner may be discharged from the project. They become ineligible to receive aid for a period of 30 days. After this period, they may reapply for welfare aid provided they are willing to conform to the work requirements.

This situation seldom arises, Mr. Campanaro said.

No one seems to remember exactly when the concept of welfare work projects first was developed in Utah. They seem to go back to the forties. There are now about 150 projects in operation throughout the state involving over 900 workers.



So, Mr. and Mrs. Taypayer, your welfare dollar in Utah is buying an hour of useful work in many instances and is helping some welfare clients become self-sustaining.

# CANADIAN LEGISLATION PARALLELS PROPOSED "CONSCIENCE CLAUSE" AMENDMENT TO THE TAFT-HARTLEY ACT

Mr. JAVITS. Mr. President, on April 6, 1966, I introduced a bill, S. 3203, which would amend the National Labor Relations Act to insure that anyone whose objection to joining or paying dues to a union is based on religious belief would not be forced to violate such religious belief. This measure is identical to the amendment unanimously adopted by the Senate Labor Committee, with the concurrence of the AFL-CIO, during the committee's consideration last year of H.R. 77, the bill to repeal section 14(b).

It has come to my attention that the Parliament of the Province of Saskatchewan, Canada, has recently enacted section 5(1) of the Saskatchewan Trade Union Act, which contains provisions substantially the same as those in my bill. The Saskatchewan provision reads as follows:

(1) excluding from an appropriate unit of employees an employee where the board finds, in its absolute discretion, that the employee objects:

(i) to joining or belonging to a trade union; or

(ii) to paying dues and assessments to a trade union; as a matter of conscience based on religious training or belief during such period that the employees pays:

(iii) to a charity mutually agreed upon by the employee and the trade union that represents a majority of employees in the appropriate unit; or

(iv) where agreement cannot be reached by these parties, to a charity designated by the board; an amount at least equal to the amount of dues and assessments that a member of that trade union is required to pay to the trade union during such period.

Mr. President, there now seems to be a growing consensus that this sort of amendment is appropriate and will not interfere with the legitimate rights of labor, and I would urge, once again, that the National Labor Relations Act be amended along the lines I have suggested.

## CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

Mr. MONRONEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONRONEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## FEDERAL EMPLOYEES PAY ACT OF 1966

Mr. MONRONEY. Mr. President, I ask unanimous consent that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 14122) to adjust the rates of basic compensation of certain employees of the Federal Government and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate

proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Salary and Fringe Benefits Act of 1966".

### TITLE I—EXECUTIVE BRANCH

#### Short title

SEC. 101. This title may be cited as the "Federal Employees Salary Act of 1966".

#### Employees subject to Classification Act of 1949

SEC. 102. (a) Section 603(b) of the Classification Act of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113(b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:

"Grade"	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2.....	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3.....	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5.....	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6.....	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8.....	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9.....	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10.....	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11.....	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12.....	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14.....	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15.....	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16.....	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	-----
GS-17.....	22,760	23,520	24,280	25,040	25,800	-----	-----	-----	-----	-----
GS-18.....	25,890	-----	-----	-----	-----	-----	-----	-----	-----	-----

(b) Except as provided in section 504(d) of the Federal Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C. 1173(d)), the rates of basic compensation of officers and employees to whom the compensation schedule set forth in subsection (a) of this section applies shall be initially adjusted as of the effective date of this section, as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between two rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date.

(3) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208(b) of the Act of September 1, 1954 (68 Stat. 1111), plus subsequent increases authorized by law, he shall receive an aggregate rate of

compensation equal to the sum of his existing aggregate rate of compensation, on the day preceding the effective date of this section, plus the amount of increase made by this section in the maximum rate of his grade, until (1) he leaves his position, or (2) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this Act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (1) and (2) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purposes of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of compensation of the employee.

#### New appointments under Classification Act of 1949

SEC. 103. Section 801 of the Classification Act of 1949, as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new appointments, is amended by striking out "grade 13" and inserting in lieu thereof "grade 11".

#### Postal Field Service employees

SEC. 104. (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be 'PFS'. Except as provided in sections 3543 and 3544 of this title, basic compensation shall be paid to all employees in accordance with such schedule.



"POSTAL FIELD SERVICE SCHEDULE"

Per annum rates and steps												
"PFS"	1	2	3	4	5	6	7	8	9	10	11	12
1	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5	5,797	5,983	6,169	6,355	6,541	6,727	6,913	7,099	7,285	7,471	7,657	7,843
6	6,313	6,509	6,705	6,901	7,097	7,293	7,489	7,685	7,881	8,077	8,273	8,469
7	6,888	7,093	7,298	7,503	7,708	7,913	8,118	8,323	8,528	8,733	8,938	9,143
8	7,523	7,738	7,953	8,168	8,383	8,598	8,813	9,028	9,243	9,458	9,673	9,888
9	8,213	8,438	8,663	8,888	9,113	9,338	9,563	9,788	10,013	10,238	10,463	10,688
10	8,963	9,198	9,433	9,668	9,903	10,138	10,373	10,608	10,843	11,078	11,313	11,548
11	9,773	10,018	10,263	10,508	10,753	11,000	11,245	11,490	11,735	11,980	12,225	12,470
12	10,653	10,908	11,163	11,418	11,673	11,928	12,183	12,438	12,693	12,948	13,203	13,458
13	11,603	11,868	12,133	12,398	12,663	12,928	13,193	13,458	13,723	13,988	14,253	14,518
14	12,723	13,008	13,293	13,578	13,863	14,148	14,433	14,718	15,003	15,288	15,573	15,858
15	14,003	14,308	14,613	14,918	15,223	15,528	15,833	16,138	16,443	16,748	17,053	17,358
16	15,453	15,778	16,103	16,428	16,753	17,078	17,403	17,728	18,053	18,378	18,703	19,028
17	17,083	17,428	17,773	18,118	18,463	18,808	19,153	19,498	19,843	20,188	20,533	20,878
18	18,903	19,268	19,633	20,000	20,365	20,730	21,095	21,460	21,825	22,190	22,555	22,920
19	20,923	21,308	21,693	22,078	22,463	22,848	23,233	23,618	24,003	24,388	24,773	25,158
20	23,153	23,558	23,963	24,368	24,773	25,178	25,583	25,988	26,393	26,798	27,203	27,608

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows: "(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be 'RCS'. Compensation shall be paid to rural carriers in accordance with this schedule."

"RURAL CARRIER SCHEDULE"

"Per annum rates and steps"												
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service: Fixed compensation per annum	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles	25	25	25	25	25	25	25	25	25	25	25	25

(c) Section 3544(a) of title 39, United States Code, is amended to read as follows: "(a) There is established a basic compensation schedule, which shall be known as the Fourth Class Office Schedule and for which the symbol shall be 'FOS', for postmasters in post offices of the fourth class in accordance with this schedule."

"FOURTH CLASS OFFICE SCHEDULE"

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 38	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
38 but fewer than 46	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
46 but fewer than 54	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
54 but fewer than 62	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
62 but fewer than 70	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
70 but fewer than 78	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893"



Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act of 1946 shall receive basic compensation, on and after such effective date, at the rate of their class determined to be appropriate by the Secretary of State.

*Agricultural stabilization and conservation county committee employees*

SEC. 107. The rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

*Salary rates fixed by administration action*

SEC. 108. (a) The rates of basic compensation of assistant United States attorneys whose basic salaries are fixed pursuant to section 508 of title 28, United States Code, shall be increased, effective on the effective date of section 102 of this title, by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

(b) Notwithstanding section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), the rates of compensation of officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of compensation are fixed by administrative action pursuant to law and are not otherwise increased by this Act are hereby authorized to be increased, effective on the effective date of section 102 of this title, by amounts not to exceed the increases provided by this title for corresponding rates of compensation in the appropriate schedule or scale of pay.

(c) Nothing contained in this section shall be held or considered to authorize any increase in the rates of compensation of officers and employees whose rates of compensation are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates or practices.

(d) Nothing contained in this section shall affect the authority contained in any law pursuant to which rates of compensation may be fixed by administrative action.

*Effective dates*

SEC. 109. This title shall become effective as follows:

(1) This section and sections 101, 103, and 108 shall become effective on the date of enactment of this Act.

(2) Sections 102, 104, 105, 106, and 107, shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

**TITLE II—JUDICIAL BRANCH**

*Short title*

SEC. 201. This title may be cited as the "Federal Judicial Salary Act of 1966".

*Judicial branch employees*

SEC. 202. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed by or pursu-

ant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3650 of title 18, United States Code, the third sentence of section 603, sections 671 to 675, inclusive, or section 604(a)(5), of title 28, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended. The rates of basic compensation of officers and employees holding ungraded positions and whose salaries are fixed pursuant to such section 604(a)(5) may be increased by the amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

(b) The limitations provided by applicable law on the effective date of this section with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges are hereby increased by amounts which reflect the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

(c) Section 753(e) of title 28, United States Code (relating to the compensation of court reporters for district courts), is amended by striking out the existing salary limitation contained therein and inserting a new limitation which reflects the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

*Effective dates*

SEC. 203. This title shall become effective as follows:

(1) This section and section 201 shall become effective on the date of enactment of this Act.

(2) Section 202 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

**TITLE III—LEGISLATIVE BRANCH**

*Short title*

SEC. 301. This title may be cited as the "Federal Legislative Salary Act of 1966".

*Legislative branch employees*

SEC. 302. (a) Except as otherwise provided in this title, each officer or employee in or under the legislative branch of the Government, whose rate of compensation is increased by section 5 of the Federal Employees Pay Act of 1946, shall be paid additional compensation at the rate of 2.9 per centum of his gross rate of compensation (basic compensation plus additional compensation authorized by law).

(b) The total annual compensation in effect immediately prior to the effective date of this section of each officer or employee of the House of Representatives, whose compensation is disbursed by the Clerk of the House of Representatives and is not increased by reason of any other provision of this section, shall be increased by 2.9 per centum. Notwithstanding section 303 of this title or any other provision of this section, the total annual compensation of the Clerk of the House of Representatives and

the Sergeant at Arms of the House of Representatives, respectively, shall be an amount which is equal to the total annual compensation of the Secretary of the Senate and the Sergeant at Arms of the Senate, respectively.

(c) The rates of compensation of employees of the House of Representatives whose compensation is fixed by the House Employees Schedule under the House Employees Position Classification Act (78 Stat. 1079-1084; Public Law 88-652; 2 U.S.C. 291-303), including each employee subject to such Act whose compensation is fixed at a saved rate, are hereby increased by amounts equal, as nearly as may be practicable, to the increases provided by subsection (a) of this section.

(d) The additional compensation provided by this section shall be considered a part of basic compensation for the purposes of the Civil Service Retirement Act (5 U.S.C. 2251 and following).

(e) This section shall not apply with respect to the compensation of student congressional interns authorized by House Resolution 416, Eighty-ninth Congress, and the compensation of employees whose compensation is fixed by the House Wage Schedule under the House Employees Position Classification Act.

(f) The basic compensation of each employee in the office of a Senator is hereby adjusted, effective on the effective date of this section, to the lowest multiple of \$60 which will provide a gross rate of compensation not less than the gross rate such employee was receiving immediately prior thereto, except that the foregoing provisions of this subsection shall not apply in the case of any employee if on or before the fifteenth day following the date of enactment of this Act, the Senator by whom such employee is employed notifies the disbursing office of the Senate in writing that he does not wish such provisions to apply to such employee. In any case in which, at the expiration of the time within which a Senator may give notice under this subsection, such Senator is deceased, such notice shall be deemed to have been given.

(g) Notwithstanding the provision referred to in subsection (h), the rates of gross compensation of the Secretary for the Majority of the Senate, the Secretary for the Minority of the Senate, the Chief Reporter of Debates of the Senate, the Parliamentarian of the Senate, the Senior Counsel in the Office of the Legislative Counsel of the Senate, the Chief Clerk of the Senate, the Chaplain of the Senate, and the Postmaster and Assistant Postmaster of the Senate are hereby increased by 2.9 per centum.

(h) The paragraph imposing limitations on basic and gross compensation of officers and employees of the Senate appearing under the heading "SENATE" in the Legislative Appropriations Act, 1956, as amended (74 Stat. 304; Public Law 86-568), is amended by striking out "\$23,770" and inserting in lieu thereof "\$24,460".

(i) The limitation on gross rate per hour per person provided by applicable law on the effective date of this section with respect to the folding of speeches and pamphlets for the Senate is hereby increased by 2.9 per centum. The amount of such increase shall be computed to the nearest cent, counting one-half cent and over as a whole cent. The provisions of subsection (a) of this section shall not apply to employees whose compensation is subject to such limitation.

*Salary increase limitation*

SEC. 303. No rate of compensation shall be increased, by reason of the enactment of this title, to an amount in excess of the salary rate now or hereafter in effect for level V of the Federal Executive Salary Schedule.

*Effective dates*

SEC. 304. This title shall become effective as follows:



(1) This section and section 301 shall become effective on the date of enactment of this Act.

(2) Sections 302 and 303 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### TITLE IV—MISCELLANEOUS PROVISIONS

##### *Salary steps for certain employees transferred to postal field service*

SEC. 401. Section 3551 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The Postmaster General may appoint or advance any Federal employee who, together with his function, is transferred, prior to, on, or after the date of enactment of this subsection, to a post office or other postal installation at or to (1) the minimum rate for his position, or (2) any higher rate for his position which is less than one full step above the highest rate of compensation received by him immediately prior to such transfer."

##### *Postal seniority adjustments*

SEC. 402. (a) The Postmaster General shall advance any employee in the postal field service

(1) who was promoted to a higher level between July 9, 1960, and October 13, 1962;

(2) who is senior with respect to total postal service to an employee in the same post office promoted to the same level on or after October 13, 1962, and is on the effective date of this section in a step in the same level below the step of the junior employee; and

(3) whom the Postmaster General determines is in the same craft and same branch of the Post Office Service as such junior employee.

Such advancement by the Postmaster General shall be to the highest step which is held by any such junior employee. Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained.

(b) Section 3552 of title 39, United States Code, is amended by deleting subsection (d).

##### *Special delivery messengers*

SEC. 403. Section 3542(c) of title 39, United States Code, is amended—

(1) by striking out "7 cents per mile or major fraction thereof" and inserting in lieu thereof "10 cents per mile or major fraction thereof"; and

(2) by striking out "90 cents per hour" and inserting in lieu thereof "\$1.25 per hour".

##### *Overtime*

SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

(1) by inserting "or, with the exception of employees engaged in professional or technical engineering or scientific activities for whom the first forty hours of duty in an administrative workweek is the basic workweek and employees whose basic compensation exceeds the minimum rate of grade GS-10 of the Classification Act of 1949, as amended, for whom the first forty hours of duty in an administrative workweek is the basic workweek, in excess of eight hours in a day" immediately following "in excess of forty hours in any administrative workweek"; and

(2) by striking out "grade GS-9" wherever it occurs therein and inserting in lieu thereof "grade GS-10".

(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out "grade GS-9" and inserting in lieu thereof "grade GS-10".

(c) Section 401 of such Act, as amended (5 U.S.C. 926), is amended by striking out

"grade GS-9" wherever it occurs therein and inserting in lieu thereof "grade GS-10".

(d) Subsections (b) and (c) of section 3573 of title 39, United States Code, are amended by striking out "level PFS-7" and "level PFS-8", wherever appearing therein, and inserting in lieu thereof "level PFS-10" and "level PFS-11", respectively.

##### *Sunday premium pay*

SEC. 405. (a) The heading of title III of the Federal Employees Pay Act of 1945, as amended, is amended to read as follows:

"TITLE III—COMPENSATION FOR NIGHT, SUNDAY, AND HOLIDAY WORK"

(b) (1) Section 302 of such Act, as amended (5 U.S.C. 922), is redesignated as section 303 of such Act.

(2) Any reference in any provision of law to section 302 of the Federal Employees Pay Act of 1945, which is redesignated as section 303 of such Act by paragraph (1) of this subsection, shall be held and considered to refer to section 303 of such Act, as so redesignated.

(c) Title III of such Act, as amended (5 U.S.C. 921 and following), is amended by inserting immediately following section 301 thereof the following:

##### *"Compensation for Sunday work"*

"SEC. 302. Any regularly scheduled eight-hour period of service which is not overtime work as defined in section 201 of this Act any part of which is performed within the period commencing at midnight Saturday and ending at midnight Sunday shall be compensated for the entire period of service at the rate of basic compensation of the officer or employee performing such work plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation."

(d) Section 401(1) of such Act, as amended (5 U.S.C. 926(1)), is amended by inserting "Sunday," immediately following the word "night".

(e) Section 401(2) of such Act, as amended (5 U.S.C. 926(2)), is amended—

(1) by inserting in the first sentence thereof "on Sundays," immediately following the words "duty at night"; and

(2) by inserting in the second sentence thereof "Sunday," immediately following night."

(f) The first paragraph of section 23 of the Independent Offices Appropriation Act, 1935, as amended (5 U.S.C. 673c), is amended by inserting immediately before the period at the end thereof the following: "Provided further, That employees subject to this section whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during that eight-hour period of service".

##### *Health and insurance coverage for certain employees on leave without pay*

SEC. 406. (a) Section 6 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2095), is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the foregoing, an officer or employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, elect to continue his insurance and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions from the beginning of leave without pay. If he does not so elect, his

insurance will continue during nonpay status and terminate as provided in subsection (a) of this section. The employing agency shall forward the premium payments to the fund established by section 5 of this Act."

(b) Section 7(b) of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3006(b)), is amended—

(1) by inserting "(1)" immediately following "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to continue his health benefits coverage and arrange to pay currently into the fund, through his employing agency from the beginning of leave without pay, both employee and agency contributions. If he does not so elect, his coverage will terminate as specified in paragraph (1) and implementing regulations. The employing agency shall forward the enrollment charges so paid to the fund."

(c) An officer or employee who is on approved leave without pay and serving as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2091), or section 2 of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3001), as the case may be, may, within sixty days after the date of enactment of this Act, file with his employing agency an election (1) to continue any insurance status or health benefits enrollment, or both, that he has on the date of enactment of this Act, (2) to reacquire any insurance status or health benefits enrollment, or both, which he may have lost while on leave without pay, or (3) to acquire an insured status or enroll in a health benefits plan, or both, if he was never previously eligible to do so, by arranging to pay currently and continuously into the employees' life insurance fund and the employees' health benefits fund, as appropriate, through his employing agency, both employee and agency contributions. The employing agency shall forward such payments to the employees' life insurance fund and the employees' health benefits fund, as appropriate. If he does not so elect, his insurance status and health benefits enrollment will continue and terminate as for other employees in nonpay status, or he will remain ineligible for insurance and health benefits, as the case may be, as though this paragraph had not been enacted. The United States Civil Service Commission is authorized to issue regulations to carry out the purposes of this paragraph.

##### *Increase in uniform allowances*

SEC. 407. (a) Section 402 of the Federal Employees Uniform Allowance Act, as amended (5 U.S.C. 2131-2133), is amended by inserting immediately following the second sentence thereof the following new sentence: "In those instances where the agency makes reimbursement direct to the uniform vendor, the head of the agency may deduct a service charge not to exceed 4 per centum."

(b) Such Act is further amended by adding at the end thereof the following new section:

"SEC. 405. Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title are hereby increased, subject to the maximum allowance authorized by this title, as follows:



"(1) If the maximum uniform allowance is \$100 or more, such allowance shall be increased by 25 per centum.

"(2) If the maximum uniform allowance is \$75 or more but less than \$100, such allowance shall be increased by 30 per centum.

"(3) If the maximum uniform allowance is \$50 or more but less than \$75, such allowance shall be increased by 35 per centum.

"(4) If the maximum uniform allowance is less than \$50, such allowance shall be increased by 40 per centum.

Such maximum uniform allowances, as in effect on April 1, 1966, and as increased by this section, shall not be reduced."

SEC. 408. (a) Section 303(c) of the Federal Executive Salary Act of 1964 (78 Stat. 416; Public Law 88-426) is amended by adding at the end thereof the following new paragraph:

"(47) Director of the Federal Mediation and Conciliation Service."

(b) Paragraph (30) of section 303(d) of such Act is hereby repealed.

#### *Effective dates*

SEC. 409. This title shall become effective as follows:

(1) This section and sections 401, 406, and 407 shall become effective on the date of enactment of this Act.

(2) Sections 403, 404, and 405 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

(3) Sections 402 and 408 shall take effect on the first day of the first pay period after the enactment of this Act.

#### **TITLE V—CIVIL SERVICE RETIREMENT**

##### *Short title*

SEC. 501. This title may be cited as the "Civil Service Retirement Act Amendments of 1966".

##### *Definitions*

SEC. 502. Section 1(j) of the Civil Service Retirement Act (5 U.S.C. 2251(j)) is amended by inserting the letter "(d)" after the words "for purposes of section 10"; by striking out the words "received more than one-half of his support from and"; and by striking out the words "twenty-one" and "twenty-first" wherever they occur and inserting in lieu thereof the words "twenty-two" and "twenty-second", respectively.

##### *Retirement coverage for certain employees on leave without pay*

SEC. 503. Section 3 of the Civil Service Retirement Act (5 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:

"(k) (1) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions and agency contributions which would be applicable if he were in pay status. An employee who is on approved leave without pay and serving as a full-time officer or employee of such an organization on the date of enactment of this subsection may similarly elect within sixty days after such date of enactment. If the election and all payments provided by this paragraph are not made, the employee shall receive no credit for such periods of leave without pay occurring on or after date of enactment of this subsection, notwithstanding the provisions of the second sentence of section 3(c) of this Act.

"(2) An employee may deposit with interest an amount equal to retirement deductions representing any period or periods of

approved leave without pay while serving, prior to the date of enactment of this subsection, as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, and may receive full retirement credit for such period or periods of leave without pay. In the event of his death, a survivor as defined in section 1(o) of this Act may make such deposit. If the deposit described in this paragraph is not made in full, retirement credit shall be allowed in accordance with the second sentence of section 3(c) of this Act."

#### *Immediate retirement*

SEC. 504. (a) Section 6(a) of the Civil Service Retirement Act (5 U.S.C. 2256 (a)) is amended to read as follows:

"(a) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

(b) Section 6(b) of such Act (5 U.S.C. 2256(b)) is amended to read as follows:

"(b) Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

#### *Annuity computation*

SEC. 505. Section 9(d) of such Act (5 U.S.C. 2259(d)) is amended to read as follows:

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum or each full month in excess of sixty, such Member is under the age of sixty years at date of separation."

#### *Survivor annuities*

SEC. 506. (a) Section 10(a) (2) of the Civil Service Retirement Act (5 U.S.C. 2260(a) (2)) is amended to read as follows:

"(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor's remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor's death or remarriage."

(b) The last sentence of section 10(c) of such Act (5 U.S.C. 2260(c)) is amended to read as follows: "The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower's becoming capable of self-support."

(c) Section 10(d) of such Act (5 U.S.C. 2260(d)) is amended to read as follows:

"(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of this Act, and is survived by a wife or by a husband, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children, subject to the provisions of

section 18. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children, subject to the provisions of section 18. The commencing date of a child's annuity under this Act or the Act of May 29, 1930, as amended from and after February 28, 1948, shall be deemed to be the day after the employee or Member dies, with payment beginning on that day or beginning or resuming on the first day of the month in which the child later becomes or again becomes a student as described in section 1(j), provided the lump-sum credit, if paid, is returned to the fund. Such annuity shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs. Upon the death of the surviving wife or husband or termination of the child's annuity, the annuity of any other child or children shall be recomputed and paid as through such wife, husband, or child had not survived the employee or Member."

(d) Section 10 of such Act (5 U.S.C. 2260) is amended by adding at the end thereof the following subsection:

"(f) In the case of a surviving spouse whose annuity under this section is hereafter terminated because of remarriage before attaining age sixty, annuity at the same rate shall be restored commencing on the day such remarriage is dissolved by death, annulment, or divorce: *Provided*, That (1) said surviving spouse elects to receive such annuity in lieu of any survivor benefit to which he or she may be entitled, under this or any other retirement system established for employees of the Government, by reason of the remarriage, and (2) any lump sum paid upon termination of the annuity is returned to the fund."

#### *Increases in certain annuities*

SEC. 507. Section 18 of the Civil Service Retirement Act (5 U.S.C. 2268) is amended by adding at the end thereof the following subsection:

"(g) Effective on (1) the first day of the second month after the enactment of this Act, or (2) the commencing date of annuity, whichever is later, the annuity of each surviving spouse whose entitlement to annuity payable from the civil service retirement and disability fund resulted from the death of:

"(A) an employee or Member prior to October 11, 1962, or

"(B) a retired employee or Member whose retirement was based on a separation from service prior to October 11, 1962, shall be increased by 10 per centum."

#### *Effective dates*

SEC. 508. (a) This section, section 509, and subsections 1(j), 3(k), 6(a), 6(b), 9(d), 10(a) (2), 10(c), 10(d), and 10(f) of the Civil Service Retirement Act, as enacted or amended by this title, shall become effective on the date of enactment of this Act.

(b) Except as provided in section 507 and in subsection (c) of this section, the amendments made by this title to the Civil Service Retirement Act shall not apply in the cases of persons retired or otherwise separated prior to these respective effective dates, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted.



(c) The amendments made by this title to sections 1(j) and 10(d) of the Civil Service Retirement Act relating to payment, continuance, resumption, and termination of annuity to a child who is a student shall apply with respect to children of persons retired or otherwise separated prior to, on, or after the date of enactment of this title, except that no child's annuity shall be paid by reason of these amendments for any period prior to such date of enactment.

#### Miscellaneous

SEC. 509. The provisions under the heading "Civil Service Retirement and Disability Fund" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

#### TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS

SEC. 601. Section 2(d) of the Federal Employees Health Benefits Act of 1959 (73 Stat. 709; 5 U.S.C. 3001(d)) is amended by striking out "twenty-one" wherever it appears therein and inserting in lieu thereof "twenty-two".

SEC. 602. Paragraphs (1) and (2) of section 7(a) of such Act are amended to read as follows:

"(1) Except as provided in paragraph (2) of this subsection, the biweekly Government contributions for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family, commencing with the first pay period beginning on or after July 1, 1966.

"(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge, commencing with the first pay period beginning one or after July 1, 1966."

Mr. MONRONEY. Mr. President, I send to the desk several amendments to the committee amendment. I ask unanimous consent that the reading of the amendments be dispensed with, but that the amendments be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments ordered to be printed in the RECORD are as follows:

On page 38, after line 2, insert the following:

"(5) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this Act, was promoted from one grade under the Classification Act of 1949, as amended, to another such grade at a rate which is above the minimum rate thereof, his rate of basic compensation shall be adjusted retroactively from the effective date of this section to the date on which he was so promoted, on the basis of the rate which he was receiving during the period from such effective date to the date of such promotion and, from the date of such promotion, on the basis of the rate for that step of the appropriate grade of the General Schedule contained in this section which corresponds numerically to the step of the grade of the General Schedule for such officer or employee which was in effect (without regard to this Act) at the time of such promotion."

On page 50, line 24, and page 51, line 1, strike out "effective date of this section" and substitute "first day of the month following the date of enactment of this Act".

On page 51, line 9, after the period insert the following: "No employee whose basic compensation is adjusted under this subsection shall receive any additional compensation under subsection (a) for any period prior to the effective date of such adjustment during which such employee was employed in the office of the Senator by whom he is employed on the first day of the month following the enactment of this Act. No additional compensation shall be paid to any person under subsection (a) for any period prior to the first day of the month following the date of enactment of this Act during which such person was employed in the office of a Senator (other than a Senator by whom he is employed on such day) unless on or before the fifteenth day following the date of enactment of this Act such Senator notifies the disbursing office of the Senate in writing that he wishes such employee to receive such additional compensation for such period."

On page 62, line 14, strike out the entire paragraph.

On page 62, line 17, strike out "(3) Sections 402 and 408" and insert in lieu thereof "(2) Sections 402, 403, 404, 405, and 408".

On page 69, line 9, strike out "Act" and substitute "subsection".

On page 71, line 9, beginning with the comma, strike out all through "July 1, 1966" in line 10.

On page 71, line 15, beginning with the comma, strike out all through "July 1, 1966" in line 16.

On page 71, after line 16, insert the following new section:

"SEC. 603. The amendments made by sections 601 and 602 of this title shall take effect on the first day of the first pay period which begins on or after the date of enactment of this Act."

On page 71, after line 16, add the following:

#### "TITLE VII—MISCELLANEOUS

"SEC. 701. (a) Retroactive compensation or salary shall be paid by reason of this Act only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this Act, except that such retroactive compensation or salary shall be paid (1) to an officer or employee who retired during the period beginning on the first day of the first pay period which begins on or after July 1, 1966, and ending on the date of enactment of this Act for services rendered during such period and (2) in accordance with the provisions of the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as amended (5 U.S.C. 61f-61k), for services rendered during the period beginning on the first day of the first pay period which begins on or after July 1, 1966, and ending on the date of enactment of this Act by an officer or employee who dies during such period. Such retroactive compensation or salary shall not be considered as basic salary for the purpose of the Civil Service Retirement Act in the case of any such retired or deceased officer or employee.

"(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

"(c) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this Act shall

be held and considered to be effective as of the date of such enactment."

Mr. MONRONEY. Mr. President, the amendments are technical in nature, and I ask that they be considered en bloc.

The amendments are designed to authorize retroactive pay for those Federal employees who otherwise will not be paid for the time between the effective date of this legislation—July 1—and the date it is enacted. It is the same language which Congress always uses to achieve this purpose.

When the Committee on Post Office and Civil Service reported H.R. 14122 to the Senate on May 26, it was thought that adequate time existed to pass the bill before the effective date. That has not proved to be the case. To make sure that all employees get the pay which the bill is designed to give them, these amendments should be adopted by the Senate.

There are minor changes in the effective dates of some provisions in the bill. To avoid a very complex administrative problem which has very little financial effect upon the employees, the effective dates for the Government's increased health insurance contribution, increased special delivery allowance, overtime pay, and premium pay have been moved back from the pay period beginning immediately after July 1 to the pay period beginning on or after the date of enactment.

These few cases will affect the amount received by only a few employees, and only to a very minor extent. Otherwise, these amendments will make no change in the bill as unanimously approved by our committee.

I recommend the adoption of the amendments en bloc.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Oklahoma.

The amendments were agreed to.

Mr. MONRONEY. Mr. President, H.R. 14122, the Federal employees' pay bill for 1966, combines prudent economic and budgetary policy, at a time when reductions and limitations in domestic spending are necessary, with several key reforms and progressive liberalizations in the policies governing Federal employment.

H.R. 14122 provides an across-the-board increase averaging 2.9 percent for all levels of the four statutory pay systems—postal, classified, foreign service, and the medical division of the Veterans' Administration. The adoption of an across-the-board increase this year, however, does not indicate any sentiment on the part of the committee to return to the methods of pay increases which generally prevailed prior to the Salary Reform Act. It does indicate that we recognize the needs of employees in the lower salary levels who are most directly affected when food prices, clothing prices, medical expenses, and all other aspects of the cost of living rapidly increase. Those in the upper levels of pay are no less deserving, but the economic pinch on them is not as severe as it is on the man who earns \$5,000 or \$6,000 a year.



The take-home pay of a postal letter carrier or of a GS-5 employee in the classified service in the first few years of employment averages less than \$375 a month. For a man with a family, living in a big city, as most of our employees are these days, that is an extremely limited income. The need is obviously greatest at these lower salary levels.

I believe that comparability must be achieved to recruit and retain the quality of personnel the Government must have. But in 1966, the needs of our country in fulfilling other commitments require a limitation upon domestic spending. This pay bill is designed accordingly.

At this point I ask unanimous consent to have printed in the RECORD a section-by-section analysis of the bill as reported, and an itemization of the cost of the bill.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

#### SECTIONAL ANALYSIS OF H.R. 14122

Title I provides an average increase of 2.9 percent in the basic compensation of employees subject to the four statutory schedules—the general schedule of the Classification Act, the Postal Field Service schedule, and the schedules for employees in the Department of Medicine and Surgery of the Veterans' Administration and the Foreign Service. Employees in county offices of the Agriculture Soil Conservation Service and United States assistant attorneys are also given the 2.9 percent increase. Employees of other agencies of the Executive Branch whose salaries are adjusted by administrative action are authorized to be increased in amounts similar to the increases applying to the schedules. All salary increases shall be retroactively effective to the first day of the first pay period which began on or after July 1, 1966. This retroactive payment includes those outside the four statutory schedules.

Section 103 permits the appointment of new employees at a rate above the entrance rate of the grade in GS-11 and above when the Civil Service Commission approves such appointments. Present law, enacted in 1964, permits such appointments in GS-13 and above.

Title II increases or authorizes increases for employees in the judicial branch of the Government.

Title III increases or authorizes increases for employees of the Congress and employees of Members of Congress.

The effective date for all salary increases is the first day of the first pay period beginning on or after July 1, 1966.

Title IV provides several improvements in law governing Federal employment.

Section 401 will permit the Postmaster General to appoint or advance any employee transferred, with his function, into the postal service to a step in the level of the postal field service schedule or system. The general rule in the postal service is to enter at the first step, regardless of previous salary or experience. This occasionally results in an employee losing money because the postal service has taken over a function previously administered by another agency. With respect to employees previously transferred, the provisions of Section 401 will permit redetermination of the employee's pay step, by reconstructing advancement through the Postal salary schedules as if the new provision had been in effect at the time of transfer. If such reconstruction places the employee in a step above the step attained, as of the effective date of Section 401, a pay adjustment will be made, placing the employee in the reconstructed step, as of July 2, 1966. Since an adjustment of this kind would result in an equivalent increase, the

employee will begin a new waiting period for his next step increase on July 2.

Section 402 permits the adjustment of salary for certain postal supervisors who are senior to certain other supervisors promoted after October 13, 1962. This provision will require that senior employees in the same postal occupation will be elevated to the same step of the PFS level as is held by a junior employee promoted after the Salary Reform Act of 1962.

Section 403 increases the mileage and hour allowance for special delivery messengers who use their own vehicle. This payment is usually confined to Christmas time when Government vehicles are not easily available to special delivery messengers.

Section 404 authorizes overtime payment for work in excess of 8 hours in 1 day for classified employees with the exception of certain engineering and scientific employees. Classified Federal employees get overtime pay for work in excess of 40 hours in a week, but heretofore the law has not required pay for work in excess of 8 hours in a day.

Section 404 also raises the grade level for overtime pay from the rate paid GS-9, step 1, to the same step of GS-10. Employees above that level can be paid or given compensatory time off, at the discretion of management.

Section 404 also raises the level for mandatory overtime pay for postal employees from PFS-7 to PFS-10. The 1965 Salary Act abolished compensatory time below level 8 and permitted payment above level 7 at the discretion of the Postmaster General.

Section 405 requires a premium of 25 percent of base pay for any employee whose regularly scheduled 5-day workweek includes Sunday. The premium will be paid for the entire 8-hour period of service regardless of the numbers of hours which actually occur on Sunday. This is identical to the provisions for regular postal employees enacted last year.

Section 406 permits full-time officers and employees of Federal employee unions to carry Federal life and health insurance while serving as union officers provided that the total cost of such insurance is paid by the employee and his union. The officer will receive the benefit of the group rate at his own expense. The Government will pay nothing.

Section 407 requires the 25-percent increase in uniform allowance authorized in the 1965 Salary Act. The House-approved provision has been amended to permit the Federal agency to make payment direct to the uniform vendor and deduct a service discount of 4 percent from the amount paid to the vendor.

Section 408 equalizes the salary of the Director of the Federal Mediation and Conciliation Service with the salary of the Chairman of the Federal Mediation Board at level III of the Federal Executive Salary Schedule (\$28,500).

Title V includes several significant amendments to the Civil Service Retirement Act to improve the retirement benefits of Federal employees.

Section 502 eliminates the requirement that a child be dependent upon a Federal-employee parent in order to receive a survivor annuity. This will permit the children of a working mother to receive a survivor annuity in the event of her death. The section also raises from 21 to 22 the maximum age for student survivors to receive annuity payment.

Section 503 permits credit for leave without pay for Federal employee union officers for the purposes of retirement. Under current law, these officers have received a half-year's credit for each full year on leave without pay without contribution. The Retirement Act was not designed to permit this credit. Section 503 requires, after the enactment of this act, that any such union officer shall receive credit for time served as

a union officer only if he pays the full amount of employee and agency contributions. There will be no cost to the Government.

Section 504 enacts a long-sought goal of Federal employees—retirement of a full annuity at age 55 after 30 years' service. Retirement on a full annuity will also be permitted at age 60 after 20 years' service.

Section 505 prohibits a Member of Congress from retiring at age 55 on an unreduced annuity. The provisions of present law, reducing the full annuity by 1 percent for each full year below 60, will continue to be applicable to Members of Congress.

Section 506 permits the widow of a Federal employee to continue receiving her survivor annuity if she remarries after attaining age 60, or to have her annuity reinstated in the event a remarriage prior to age 60 is terminated. If such a widow has an election of survivor annuities under any Federal employee retirement program, she may elect which she wishes to receive, but cannot receive more than one.

Section 507 increases the annuities of widows and widowers of Federal employees who died or retired prior to October 11, 1962, by 10 percent. Spouses of Federal employees who retired prior to that date shall receive the 10-percent increase when their annuity commences.

Section 508 establishes the effective dates of the retirement amendments. Except for the amendments affecting the student survivor annuity of children of Federal employees, the amendments are entirely prospective and shall have no effect upon the annuities or entitlement to annuity of any person who died or was separated or retired prior to the effective date of this act. In the cases of surviving student children, however, the amendments shall apply to any such child who is otherwise eligible under the conditions of these amendments.

Section 601 increases the maximum age limit for health insurance coverage for the children of employees from 21 to 22. This is in line with the age increase for survivor children receiving civil service annuities while in college.

Section 602 increases the Government's contribution to the cost of high-option health insurance by approximately 10 percent. Employees have paid the full cost of each insurance premium increase since the program was commenced in 1960.

#### Estimated cost of the bill, as reported

	Millions
Salary increase.....	\$416.7
Classified service.....	273.1
Postal service.....	131.5
Veterans' Administration.....	6.7
Foreign Service.....	5.4
Additional health insurance.....	34.0
Postal supervisors adjustment.....	2.0
Uniform allowance increase <sup>1</sup> .....	.....
Special delivery allowance.....	.3
Postal supervisors overtime.....	14.3
Classified overtime.....	5.5
Sunday premium.....	32.0
Retirement benefits:	
55/30—60/20.....	19.7
Widow's remarriage.....	12.0
Child's annuity.....	.3
Annuity increase.....	7.0
Additional interest on the unfunded liability of the civil service retirement and disability fund.....	30.3
Equivalent offset <sup>2</sup> .....	(68.3)
Total cost.....	505.8

<sup>1</sup> This cost is not included because it was charged against the cost of the 1965 Salary Act and is not properly attributable to this bill.

<sup>2</sup> This offset against the total cost of the bill is derived from the additional cost of retirement benefits under present law plus



new benefits created by the enactment of the retirement provisions of this bill, approximately 0.5 percent of present payroll.

In the Economic Report, 1965, the Council of Economic Advisers stated the following: "On Jan. 1, employer payroll taxes to finance social security and Medicare rose substantially, raising labor costs per hour by an average of two-thirds of a percent. These taxes are not included in the definition of employee compensation for purposes of the guideposts, since the rates and benefits are determined by law rather than by collective bargaining. Nonetheless, recognition has to be taken of the extraordinary increases in taxes at this time, which will raise both unit labor costs and yield future benefits to employees."

Because the principle of the guideposts is to permit all to participate in the general increase in productivity and prosperity, the executive branch agrees that an equivalent offset should be included in determining the increase in compensation for Federal employees.

Mr. MONRONEY. This pay bill is quite similar to the measure passed by the House and referred to our committee. We have proposed three amendments which, in my opinion, improve the bill and reduce its costs. These amendments resulted from testimony taken in hearings over many days, in which most of the members participated.

Our most important amendment is the deletion of section 507 of the bill, as referred, which would have provided for a recomputation of annuities and survivor annuities based on the death or retirement of an employee occurring between April 1948 and October 1962. The amount which an employee paid to provide his widow with a survivor annuity varied during that 15-year period, and their percentage which the widow received also varied. In October 1962, Congress established the present survivor annuity formula of a 2.5-percent reduction in the first \$3,600 of salary, and 10 percent of any excess, in order to provide a 55-percent remainder to the widow. Employees who retired before the 1962 amendment paid more, and their spouses received 5 percent less. Section 507 would have put all under the 1962 formula.

The executive branch vigorously opposed this provision. The committee gave this matter its most careful and thoughtful consideration. The principle of recomputing past civil service retirement benefits on the basis of laws enacted after an employee's retirement has not been followed by Congress since prior to the major civil service retirement amendments of 1948. The Armed Services Committees have also refrained from recomputations in recent years. Although the cost of this particular provision was not great, the total actuarial cost—a cost which continues as long as the retirement system exists—was estimated to be \$355 million. Enactment of the recomputation would have opened the door to further recomputations, and the total cost to the retirement fund or the Treasury could amount to many billions of dollars.

To avoid this very significant problem, the committee deleted section 507 as passed by the House and substituted in its place a 10-percent increase in the annuities of surviving spouses whose an-

nuities are or will be based on retirement prior to the 1962 amendment. The result insofar as widows and widowers are concerned will be the same. A 10-percent increase in the spouse's annuity is identical in result to a recomputation increasing the percentage of annuity from 50 to 55 percent. But the long-range cost and the implications for future congressional policy are tempered. In addition, the 10-percent increase will apply to widows and widowers prior to 1948. This is the group in greatest need who receive the smallest civil service annuities.

I am sure that this change in the bill will not satisfy all, but it aims at helping those who need help most. Annuityants themselves, who received either a 6- or 11-percent increase last December, are probably going to receive a 3-percent cost-of-living increase before the end of this year. Our efforts to improve the economic well-being of all retired employees and their families shall continue.

Two other amendments concern overtime pay for work exceeding 8 hours in 1 day, and postal seniority adjustments.

As referred, the bill would have required time-and-a-half for any work in excess of 8 hours a day for all classified employees GS-10 and below. The committee has retained the substance of this amendment, but has excluded certain employees engaged in scientific and research work whose schedule, while not exceeding 40 hours in a week, does occasionally exceed 8 hours in a day. The nature of their work requires it. This amendment will reduce the cost of the House provision by two-thirds. The committee has elevated the rate of overtime pay for firefighters, investigators, and certain other employees from GS-9 to GS-10. Thus a level of the general schedule employees will enjoy this benefit.

The postal seniority adjustment, as referred, would have given step increases to supervisors senior to any junior employee in their same salary level. The committee has revised this provision to divide these employees into postal service occupational groups, so that a supervisor in the motor vehicle division will not get an increase simply because a foreman of the mails, who is junior in total service, happens to make more money.

I believe both of these amendments are acceptable and suitable refinements to the bill. The cost of the bill is reduced by \$13.8 million thereby.

Other than these three amendments and certain technical changes in language, the bill is identical to the referred bill.

One important provision increases the Government's contribution to health insurance costs by \$34 million, a 10-percent increase in the policies carried by most employees. When the Federal employees' health program was enacted in 1959, it was assumed that most employees would choose the low-cost, low-option program, for which the Government contribution was fixed at 50 percent, regardless of actual dollar cost. But experience has shown that almost 90

percent of our employees chose the high-option program, offering greater protection and costing much more.

In 1960, when the program began, the Government paid nearly 40 percent of the high-option premium. Since then, the employees have paid the full cost of all premium increases, and the Government's dollar-amount contribution has declined as a percentage of total cost. H.R. 14122 will remedy this by restoring the original ratio. It is not a complete remedy, but it will add to the employee's take-home pay, and it will demonstrate Congress intention to continue a major role in paying the costs of fringe benefit programs.

The bill requires that the increased authorization for uniform allowances included in last year's bill be given to the employees. In 1965, Congress increased the maximum amount from \$100 to \$125, but action to implement this increase has been slow in coming. To avoid further delay, the language has been made mandatory. The committee has amended this provision to provide authority for the various agencies to make reimbursements direct to the uniform vendors rather than reimbursing the employee. If such direct reimbursement is made, the agency may discount the amount paid the vendor by 4 percent.

The Civil Service Retirement Act has been amended to provide several long-sought reforms. Hereafter, employees shall be permitted to retire at age 55 after 30 years' service without reduction in their annuity. This has been a goal of employees for more than 40 years. Authority to permit agencies to retire employees in GS-13 and above at such age and service has not been adopted.

Hereafter, when the widow of a deceased Federal employee remarries after attaining age 60, she shall continue to receive her annuity. This amendment is much needed. It is most difficult for the widow of a former employee to give up her small annuity upon remarriage and then, through her second husband's death, be left with virtually nothing—and sometimes nothing at all. Should a widow remarry prior to attaining age 60, her annuity will cease, but it may be resumed if the marriage is terminated.

Under present law, the children of deceased employees must be dependent upon their parent in order to receive a survivor annuity. In the case of the father, this is usually true, but in the case of a working mother, it is not usually true, and if it is, it must be proven. This bill eliminates the requirement of dependency. From now on, the children of a working mother shall be eligible to receive the survivor annuity. The maximum age limit for children-survivors who are students has been increased from 21 to 22, to permit them to finish the normal term of a college education.

The committee has also extended the maximum age limit for family coverage under the health insurance program from 21 to 22.

Provisions in the bill which would have permitted Members of Congress to receive credit at the Member rate for service in the executive branch, and to compute their annuity on an average salary other



than their congressional salary have been deleted from the reported bill.

The bill reported from the committee cost \$505.8 million annually, based on the wage-price guideposts which cover the statutory salary systems. There is about \$46 million in cost for other salary systems—wage board employees and employees of the legislative and judicial branches—which are outside the guideposts.

This cost figure is about \$20 million above the 3.2 guidepost measurement. The committee is fully aware of this. But we believe we have done as much cutting as we can. The salaries recommended in this bill are largely based on rates prevailing in private enterprise more than a year ago. The real increase in salaries is the money added to the employee's purchasing power. The increase in the Consumer Price Index since the enactment of Public Law 89-301 is 1.9 percent. If we subtract that net purchasing power loss—and if we take any account whatsoever of the effect of State and local taxes, retirement deductions, and increased life insurance premiums and health insurance premiums in some plans last year, the increase is quite moderate. To do less than we have done in this bill would be to do practically nothing at all.

I urge the Senate to take favorable and speedy action on this measure.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MONRONEY. Mr. President, I am happy to yield to the ranking minority member of the Post Office and Civil Service Committee. I appreciate his strong assistance in reporting a bill which will give the Federal employees the maximum allowable increase within the lines of the noninflationary guideposts which the President has urged upon private industry. It was felt that the Government should also respond to that request.

Mr. CARLSON. Mr. President, I commend the distinguished chairman of the Post Office and Civil Service Committee for his dedicated and active interest in securing the introduction of the bill today and in urging its passage.

I think the RECORD should reflect that the minority members of the committee endorsed the bill and voted to report the bill.

I should like to say, however, that Congress clearly wrote into the Federal Salary Act of 1962 what the policy of comparability pay should be for all Federal employees. I sincerely regret that the pending bill lacks a great deal of reaching that optimum hope that Congress had in passing the legislation in 1962.

I realize the difficulty which confronts the President of the United States when trying to hold the pay increases to 3.2 percent.

The bill as reported by the committee calls for a 2.9-percent increase in basic pay. That does not mean, however, as small as that is, that there are not many benefits contained in the bill.

I am pleased to support the bill fully because the bill provides additional bene-

fits in health insurance, provisions for better pay for some of the widows. Changes were written into the bill to benefit survivors and to provide for Sunday pay, for postal overtime, and for classified overtime. Several other features in the bill are really important.

I should not like to let this particular debate go by without mentioning that we fall far short of comparability. The bill was passed at a level of March 1, 1965, and the compensation of the Federal employees is considerably behind that of those people in private industry at the present time.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a tabulation entitled "High Rise: A Sampling of 1966 Construction Contract Settlements." The tabulation was published in the Business Week magazine of June 18, 1966, and deals with some of the construction contract settlements in private industry, showing that many of them, instead of 3.2 percent, have been settled on the basis of 6.5 percent, 7.5 percent, 10 percent, and 16 percent.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

*High rise—A sampling of 1966 construction contract settlements*

Craft	Contract term (years)	Hourly pay in dollars		Percent annual rise
		From—	To—	
Bricklayers, Detroit.....	2	\$5.30	\$6.15	7.5
Carpenters:				
Miami.....	3	4.04	5.30	10.3
Memphis.....	4	4.00	4.65	4.0
Buffalo.....	3	5.10	6.15	7.0
Cement masons, Seattle.....	2	4.54	5.22	7.5
Laborers:				
West Palm Beach.....	3	1.75	2.60	16.0
Los Angeles.....	3	4.01	4.96	8.0
Idaho-Oregon.....	5	3.27	4.24½	6.0
Truck carriers, Chicago.....	3	3.83	4.55½	6.0
Ironworkers, New Orleans.....	2	4.40	5.05	7.5
Operating engineers:				
Washington.....	3	4.83½	5.58½	5.0
Chicago.....	4	4.70	6.00	7.0
Painters, Kansas City.....	3	4.48	5.03	4.0
Plasterers:				
Marin, Calif.....	3½	5.90	7.40	5.5
Buffalo.....	3	5.01	6.51	7.0
Plumbers:				
Philadelphia.....	3	5.46	6.51	6.3
Nashville.....	2	4.41	4.91	5.5
Sheet metal workers, North Dakota.....	3	3.25	3.95	7.4

Source: U.S. Department of Labor.

Mr. CARLSON. Mr. President, I have submitted that tabulation for the RECORD to show that Congress has been very careful in trying to comply with the President's request by keeping the increase at 2.9 percent.

I hope that we will pass this legislation, meager as it is, this afternoon in behalf of the interest of the Federal employees.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. MONRONEY. Mr. President, I am happy to yield to the distinguished senior Senator from Texas, the chairman of the Subcommittee on Postal Affairs, who has been of great assistance in helping the committee with this legislation.

Mr. YARBOROUGH. Mr. President, I very much appreciate the kind words from the distinguished Senator from Oklahoma, the distinguished chairman of the Post Office and Civil Service Committee. His diligent attention to the work of that committee has enabled the pending bill to be brought before the Senate today.

It is a bill that embraces, encompasses, and includes a pay raise for 1,800,000 classified civil service Federal employees and postal employees.

The skillful and sensitive handling of the pending bill by the Senator from Oklahoma enabled the bill to be brought to the floor with little controversy and with almost universal approbation.

The Senator from Oklahoma has been tireless and patient in working out a bill

with all members of the committee. He has worked diligently and tirelessly and has reported a bill that will aid many people.

Mr. President, I am pleased to add my support to the Federal Salary and Fringe Benefits Act of 1966. This is a realistic, noninflationary measure which provides for much needed increases for our Federal employees, and at the same time, takes into account this year's budgetary limitations.

I also commend the patriotic representatives of the various employee groups who, after presenting testimony justifying much greater increases, were willing because of the war in Vietnam to accept part of the proven, needful increase at this time.

It is a very patriotic attitude for the employees to take.

I concur in what the distinguished senior Senator from Kansas has said. The employees are entitled under the Comparability Act to greater pay increases. Their work entitles them to it. However, they accepted the pending bill.

I hope that next year the situation will be such that we can provide the full increases the Federal work force deserves.

The late President Kennedy recognized that the complex programs of the greatest Nation on earth require the finest and most imaginative talent available. He also realized that in order to attract and retain this caliber of employee, the Government has to pay salaries comparable with private industry. In 1962, he pro-



posed the principle of Federal salary comparability with private enterprise which was embodied in the Federal Salary Reform Act of 1962.

We have attempted to carry this out, but, due to the cost of the war in Vietnam, the pending bill does not reach full comparability for the Federal employees.

We have made much progress since 1962, but there is still catching up to be accomplished. Some progress has been made in H.R. 14122, of which the Senate can be proud. The bill would virtually eliminate unpaid overtime work for all classified employees—the only group heretofore left out of overtime pay for work over 8 hours a day. Mandatory overtime pay for postal supervisors would be extended through PFS-10, which would do much to improve morale among these higher level employees whose services are so vital to an efficient postal service.

I am happy to see that retirement at age 55 on a full annuity after 30 years' service is included in the bill. This has been a major aim of employees and employee unions for many years, and in former sessions of Congress I have introduced bills intended to accomplish this. Benefits for the survivors of Federal employees would be liberalized under the proposed legislation. Children of deceased employees would have an opportunity to finish their college education while still receiving their civil service annuity. Widows past the age of 60 would be able to retain their annuity when they remarried. I am glad to see these progressive improvements enacted.

I regret our failure to achieve full comparability with private enterprise, particularly for those employees in the middle and lower levels where rising prices and costs of living hurt most.

In connection with the fringe benefits, I believe this is an outstanding Federal pay bill. The pay increases are not high, but employees had been seeking many of these fringe benefits before I came to the Senate 9 years ago. We have been fighting for these fringe benefits the last 9 years, and now they are written into the pending bill.

This is a landmark bill in the so-called fringe benefit area.

I commend the senior Senator from Oklahoma, whose leadership has brought the bill to this point, where it is near passage.

Mr. MONRONEY. I thank the distinguished Senator from Texas for his remarks and for his efforts in bringing the bill to the floor by unanimous vote of the committee.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. WILLIAMS of Delaware. I submitted a couple of amendments that dealt with the House bill and they were referred to the committee. The purpose of the amendments was to delete from the House bill two sections, each of which proposed to increase the benefits for a former Member of Congress. As I recall, one section provided for increasing benefits by about 100 percent for one former Member of Congress, and the

other section provided for about a 60-percent increase.

I shall put two letters in the RECORD outlining the special benefits proposed in the House bill for these two Members of Congress.

It was my understanding that the committee accepted both amendments and that those special benefit provisions are not part of the bill now before us.

Mr. MONRONEY. The Senator from Delaware is absolutely correct. The committee believed that these amendments did not belong in the bill. They were in the nature of private legislation, and were deleted from the House-passed bill by the committee.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the two letters dealing with the need for these amendments to prevent the special retirement benefits for these two former Members of Congress be printed in the RECORD.

I congratulate the committee on its acceptance of these amendments which deleted the special benefits for these two former Members of Congress.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

U.S. CIVIL SERVICE COMMISSION,  
BUREAU OF RETIREMENT AND INSURANCE,

Washington, D.C.

Hon. JOHN J. WILLIAMS,  
U.S. Senate.

DEAR SENATOR WILLIAMS: This is in response to your telephone request of April 7, 1966 for information concerning the number of Federal employees who retired under the Civil Service Retirement Act in November and December of 1965, and the amount by which their annuities were increased by the provisions of Public Law 89-205 enacted September 27, 1965. We will not have precise data on these items until we have completed our statistical tabulations next fall, but we are able to provide estimates at this time.

About 37,000 Federal employees retired in November and December of 1965, compared with about 12,000 in the same months of 1964. The annuities which would have been payable to the 37,000 retirees in the absence of increase legislation are estimated to total about \$131,285,000 a year. These annuities, however, were first increased under the terms of Public Law 87-793, enacted October 11, 1962, which provided a 2% increase for all persons retiring in 1965. They were further increased by 6.1% under the terms of Public Law 89-205.

The 2% increase is estimated to total \$2,626,000 a year, and the 6.1% increase \$8,169,000 a year, making the annuities actually payable to the 37,000 retirees \$142,080,000 a year.

If these 37,000 had deferred their retirements until the end of January, 1966, the annuities without increase are estimated to total \$132,270,000, reflecting an additional month of service and a slightly higher average salary in each case. They would have been increased by 1% as provided by Public Law 87-793 for persons retiring in 1966, to an estimated total of \$133,593,000.

In summary, the annuities of the 37,000 November and December 1965 retirees are higher by \$8,487,000 a year than if they had postponed retirement until the end of January 1966.

Sincerely yours,

ANDREW E. RUDDOCK,  
Director.

U.S. CIVIL SERVICE COMMISSION,  
BUREAU OF RETIREMENT AND INSURANCE,

Washington, D.C.

Hon. JOHN J. WILLIAMS,  
U.S. Senate.

DEAR SENATOR WILLIAMS: This will acknowledge receipt of your letter of April 7 inquiring about the effect of certain provisions of H.R. 14122 on the retirement rights of former Congressman Frank E. Smith and Paul J. Kilday. The information in this letter is in response to your specific request and is for your official use as a Member of Congress.

The proposed amendment to section 6(f) of the Civil Service Retirement Act would have the effect of conferring title to an immediate annuity computed under the Member of Congress formula on the Honorable Frank E. Smith upon expiration of his term of office as Director of TVA. Current law limits his eligibility to a deferred annuity benefit commencing at age 60. Under current law he will receive about \$1306 a month commencing February 21, 1978. The proposed amendment would provide him with a monthly benefit of about \$1312 commencing May 19, 1972 (the day following expiration of his term of office).

Present law limits Judge Kilday's annuity benefit to 80% of the \$22,500 yearly salary in effect when he left Congress. Section 505(a) of H.R. 14122 amends the law to limit the basic annuity benefit to 80% of final pay received (now \$33,000) for his service performed after leaving Congress, as a Judge of the U.S. Court of Military Appeals.

If Judge Kilday completes his term which expires on May 1, 1976, his rate of annuity under present law will be about \$1601 a month. Section 505(a) of H.R. 14122 would provide him an annuity of about \$2304 a month.

Both amendments will also apply to any other former Members of Congress meeting the requirements provided therein.

Sincerely yours,

ANDREW E. RUDDOCK,  
Director.

Mr. WILLIAMS of Delaware. I have one other question. The bill as reported by the committee provides for substantial liberalization of the retirement system. The chairman of the committee has already outlined the various increased benefits. The Civil Service Commission has advised that the adoption of the committee's amendments will increase the unfunded liability of the retirement system by \$1,698,700,000.

What provisions has the committee made to pay for the increased benefits in the retirement system that are provided under the bill?

Mr. MONRONEY. As the distinguished Senator from Delaware knows, any pay bill that increases the salaries of Federal employees, increases the unfunded liability of the civil service retirement system. This is because the employees who have been in the retirement system in previous years are allowed, under the system which has long been in force, to base their retirement benefits upon the 5 highest years of their earnings. Therefore, an increase of a very small amount—even the 2.9 percent included in the bill will increase the liability of the civil service fund.

Since 1929 the Federal Government made annual payments into the fund for its share of retirement costs. Unfortunately, this was not always kept up. In 1956 annual payments by the Govern-



ment into the fund were resumed, and the agencies and employees are each paying the 6½ percent necessary to make the revenues of the fund nearly equal to the normal costs.

As I recall the figures—and I believe I am correct—the money required by the fund to pay the costs is 13.22 percent of payroll.

We are behind twenty-two one-hundredths of 1 percent in the requirements of the fund in order to pay retirement benefits.

Mr. WILLIAMS of Delaware. The letter that I have from Mr. Ruddock cites the same reasons for the increased cost that the Senator from Oklahoma has just outlined. But only one-half of the \$1.698 billion increase in the liability can be attributed to the salary increase—\$880 million, to be exact—and the other \$800-and-some-odd million increase is as a result of the liberalization of the benefits under the system as provided for under the pending bill. In any event, they all must be paid for.

Mr. MONRONEY. How much does the distinguished Senator say was in Mr. Ruddock's letter?

Mr. WILLIAMS of Delaware. \$1,698,700,000—that is the total cost of H.R. 14122. Of that amount, salary increases constitute \$880 million. That leaves about \$818 million attributable to the provisions of the pending bill.

The reason I ask this question is that the policy has been in effect over a number of years, both in the Ways and Means Committee and the Committee on Finance, that whenever social security benefits are liberalized, included as part of the same bill is the increased tax required to pay for those increased benefits.

I believe that is a wonderful system. Each time the Members of Congress vote for an increase in benefits they vote for the payment of the increase. Since that method is not being followed in this instance I wonder what plans the committee has to finance this unfunded liability.

I know that the President, in his message to Congress earlier this year, recommended a liberalization of the civil service retirement program with the understanding that a method of payment be devised.

I understand that in the pending bill there is no method to pay for these increased benefits.

Mr. MONRONEY. I wish to say to the distinguished Senator that the administration made no request of the committee that it undertake to meet this amount at this time. The total cost that the Senator is giving is not the annual cost.

Mr. WILLIAMS of Delaware. No. This is the unfunded liability.

Mr. MONRONEY. The retirement matters that the Senator referred to have a total cost of \$500 million. These are what I consider to be long overdue liberalizations of some retirement benefits.

The balance of the amount—\$1 billion—is due to the total cost of raising the level of salaries of our Government employees, upon which their subsequent retirement benefits will be based.

The Senator is very wise, I believe, in mentioning the social security feature. The reason the administration and the Government people did not support an increase in contributions this year was because of the plan we hope will be resubmitted to Congress to blend the civil service retirement system with the social security retirement system.

As the distinguished Senator now knows, under social security employees in private industry for their first 5 years, and a good many more years of their employment, and in part their surviving wives and children, will receive greater benefits than under the civil service retirement system with a great deal less paid in than is required by the 6.5 percent contribution by the Federal Government and the 6.5 percent contribution by the department.

The original administration pay proposal would have allowed Federal employees to have the benefits of the social security system where benefits would be greater, such as in the early years of employment. I would like then to have it. But to do so now, when we are on the threshold of this advance, and raise the required contribution of the Federal employee and the required contribution of the department, would be anticipating a new system of which we do not know its eventual cost, or what it is going to require of the employee. Certainly the Federal Government will be expected, and I am sure will meet its requirement of advancing its one-half of the amount required to pay into the social security system that is used by our Federal employees.

Mr. WILLIAMS of Delaware. I fail to see how the expansion of the social security system to Federal employees will affect one iota the financial position of the civil service retirement fund.

If social security is extended to Federal employees there will be deductions from the employees' pay, matched by the contribution of the Government; then all will be made into the trust fund of the social security and they will not be a part of this fund. Therefore, I fail to understand the Senator's argument.

In recent years it has been the custom of Congress in connection with the retirement system to pass these liberalizations in an election year and to say that we will come back next year and change the formula, but we do not get around to it.

Mr. MONRONEY. Mr. President, will the Senator yield on that point?

Mr. WILLIAMS of Delaware. I yield.

Mr. MONRONEY. The Senator knows that since 1956 we have met the amounts required by the departments—

Mr. WILLIAMS of Delaware. Yes, and I was a cosponsor—

Mr. MONRONEY. To put up their share of the funds, and we have done so.

I agree with the Senator that if the fund were liquidated tomorrow there would be a deficit of considerable size. We certainly intend, and I am sure we will adjust that upward, as we have.

One of the great faults, primarily, was the fact that until 1929 the Congress did

not make its Federal contribution for its share. From 1929 onward, it was not regularly met or met in an amount which was realistic. Only since 1956 have the agencies directly been putting up their required share so that the fund is not falling behind, although it is falling behind in the ultimate liability, which is due partly to the prior years and partly to the years that we know we will find increasing salaries being required for the payment of Government workers, as is true in all businesses, such as the insurance business, or anything of that kind.

Mr. WILLIAMS of Delaware. I am familiar with the action of the Congress in 1956. I not only supported that action but also was a cosponsor of the proposal, and a few years prior to its adoption I advocated that the Government automatically match the employees' contributions as it should have been doing before.

The unfunded liability of this fund before this bill is enacted is \$43.6 billion. Today we are adding \$1,698,700 which brings up to \$45.3 billion the unfunded liability accrued as a result of increased benefits that Congress voted over the past 20 years for which they have not provided any method of payment.

Mr. MONRONEY. The liability occurred because of a long period in which the Government did not meet its requirement for putting money into the fund for its share of the contribution.

Mr. WILLIAMS of Delaware. Partly, but if the Government went back and met all of its contributions—and I would be in favor of its doing that for it should have been done before—it would correct but a small part of this liability and there would still be a multibillion-dollar unfunded liability.

Mr. President, I ask unanimous consent that the letter from Mr. Andrew E. Ruddock, Director of the Bureau of Retirement and Insurance of the U.S. Civil Service Commission, dated May 5, 1966, outlining the extent of this liability be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. CIVIL SERVICE  
COMMISSION,  
BUREAU OF RETIREMENT  
AND INSURANCE,  
Washington, D.C.

HON. JOHN J. WILLIAMS,  
U.S. Senate.

DEAR SENATOR WILLIAMS: The following information is furnished in answer to specific questions raised in your letter of April 29.

#### ANALYSIS OF SECTION 503 OF H.R. 14122

Since its beginning in 1920, the Civil Service Retirement Act has granted covered employees credit, without contribution, for all time on an agency's rolls in a nonpay status (leave without pay, suspension, furlough, and absence without leave) which does not exceed six months in the aggregate in any calendar year. Thus, covered employees carried in nonpay status by their Federal agencies while serving as full-time officials of employee organizations and unions accrue six-months' free service credit for each full calendar year in nonpay or leave without pay status.

Effective upon enactment, section 503 of H.R. 14122 would afford the employee union



official 60 days from date of entry on leave without pay to elect with his agency to receive full retirement credit for his time in nonpay status by currently paying retirement deductions (now  $6\frac{1}{2}\%$ ) on his Federal salary rate as if in pay status. Otherwise the usual credit of up to six months per calendar year would be allowed for the leave without pay.

Also, section 503 would afford any present or former union official with Retirement Act coverage on or after enactment date the option of depositing employee deductions (at rates then in force), with interest, to cover his prior periods of leave without pay granted to allow him to serve as a full-time union official. In case of death before retirement, the former union officer's survivor could exercise this option. In the absence of deposit in full for this purpose, only the leave without pay not exceeding six months in a calendar year could be credited.

#### BASIS ON WHICH THIS PROVISION WAS INCLUDED

Section 503 was not recommended by the Administration. Chairman Macy, in testimony before the Senate Post Office and Civil Service Committee, on April 20, 1966 stated, however, that the Administration would not offer objection to this provision.

#### COST OF THIS PROVISION

Because we do not know how many union officers are now or may in the future be on leave without pay from their Federal positions, or the duration of such leave, we cannot estimate either the normal cost or the amount of the unfunded liability which this provision would create. Let us assume, however, an over-simplified hypothetical case of a union officer with a level annual Federal salary of \$10,000. For each year he is on leave without pay, he receives under present law annuity and time credit of six months, or \$100 in annuity rate, at no cost to him. Under the proposed amendment he would receive a full year's credit, or \$200 in annuity rate, for each such year, at a cost to him of  $6\frac{1}{2}\%$  of \$10,000 or \$650.

#### Unfunded liability under H.R. 14122

[In thousands]

A. From report of the Cabinet Committee on Federal Staff Retirement Systems, H. Doc. No. 402, p. 25:	
55/30-60/20 .....	\$283, 000
Widow's remarriage .....	174, 000
Child to age 22 .....	6, 000
B. Salary increases .....	880, 000
C. Recomputation of annuities ..	355, 700
Total, H.R. 14122 .....	1, 698, 700
Unfunded liability present law (Estimated as of June 30, 1966) .....	43, 637, 602
Total after enactment of H.R. 14122 .....	45, 336, 302

I hope this gives you the information you need.

Sincerely yours,

ANDREW E. RUDDOCK,  
Director.

Mr. CARLSON. Mr. President, I believe that the Senator from Delaware [Mr. WILLIAMS] has again stressed the concern of all of us who are interested in the soundness of the Federal servants' civil service retirement fund.

This problem concerns many of us and it is of vital concern to the Federal employees of this Nation. I know that there is not a Member of the Senate or the House of Representatives who is not interested in the fund.

We should keep in mind the situation that the fund is in, so that the Federal

employees can be assured that the full faith and credit of the U.S. Government is behind the fund.

There has been some discussion here about earlier payments into the fund and it is true that from 1921 until 1928 the Federal Government did not make any contribution to the fund.

We find that in the Civil Service Commission's Annual Report of 1963, page 39, table C-1. It is true that although from 1921 to 1928 Congress made no appropriations to the fund, during that time there were total receipts of \$155,940,643, while disbursements were only \$72,955,384. This left a balance of over \$82 million-plus at the end of 1928.

In addition, no survivor annuitant payments were made until 1949, when such payments begin, and recipients began to receive this money. It should also be mentioned that in 1948 the 80th Congress appropriated a fund of \$245,530,000, and that in 1949 the 81st Congress cut that amount to \$226,032,000.

It is interesting to note that since Public Law 854 was passed, of which the distinguished Senator from Delaware [Mr. WILLIAMS] was a cosponsor, and signed by President Eisenhower in 1956, according to the Civil Service Commission that fund is sound financially with the exception of the deficit which occurred previous to Public Law 854.

I repeat, the Senator from Delaware is entitled to much credit for keeping a watchful eye on this fund. We all should do so because we want to be sure that it is preserved and kept for Federal employees and their survivors in the future.

Mr. WILLIAMS of Delaware. I thank the Senator from Kansas. I join him in emphasizing that there is concern on the part of those who are retired. There is no question in my mind that the Federal Government will stand back of the fund and that the Members of Congress will also; but, on the other hand, we have a responsibility to see that the fund itself is solvent. Why let it go bankrupt first? It would be wise for the Senate at this time to adopt as a part of this bill a provision which would provide for financing the increased benefits as provided in the bill.

There is another additional cost which may very well develop in the retirement system within the next few months. About a year or so ago Congress passed a proposal that in the event of inflation and a rise in the cost of living of 3 percent which held for, I believe it is 3 months, this 3-percent increase would automatically be reflected in retirement benefits.

I do not have before me the exact formula as to how this increase goes into effect, but I do know that according to the Department a few weeks ago we are close to the point of that 3-percent increase in the cost of living and again there is no method to finance it.

It is time for Congress to decide that if it is going to provide the benefits it should be willing to pay for them.

At an appropriate time I shall propose an amendment to increase deductions by one-half of 1 percent on the part of both employees and the Government to fi-

nance the benefits under this particular bill.

I would be a strong supporter of the benefits under this particular bill.

I would be a strong supporter of the benefits of the bill if we can properly finance it. If it does not have enough merit to justify the cost let us face it. We should not increase the benefits this year on the eve of the election, and then next year come back and increase the deductions from the employees. This is what Congress does far too often. The benefits and the deductions to pay for them should both be included as part of the same bill.

I have one other proposal which I should like to discuss with the chairman. I noticed, when the President sent his message to Congress promoting clean elections that he stated he was studying the problem as it related to the soliciting and pressuring of political contributions from Federal employees. This is something which has concerned all of us over the years, and I think it is time we did something about it rather than just talking. I have had the legislative counsel check the records, and I find that there is a very tight law as it relates to the solicitation of political contributions by officers of the Government. I quote the law:

... any Member of Congress, officer or employee of the United States, or person receiving any salary or compensation for services from money derived from the Treasury of the United States who directly or indirectly solicits, receives, or is in any manner concerned in soliciting or receiving, any assessment, subscription, or contribution for any political purpose whatever from any other such officer, employee, or person shall be fined not more than \$5,000 or imprisoned not more than three years, or both.

Therefore, the law does clearly prohibit, subject to fine, any Member of Congress or salaried official of the U.S. Government from soliciting or pressuring a civil service employee into making a political contribution. The law takes care of that, but there's a loophole, because a representative of a candidate or a political committee can solicit or shake down a civil service employee and not violate the law.

The amendment which I am proposing would add a new subsection to the present law which I have just outlined and would prescribe the same criminal penalty to any person acting on behalf of any political committee, including any State or local committee of a political party, who directly or indirectly solicits or in any manner is concerned with soliciting any assessment, subscription, or contribution for the use of any such political committee or for any political purpose whatever from any other such officer, employee, or person.

This proposal is to amend the existing law which already prohibits a Member of Congress or a salaried public official from soliciting or pressuring civil service employees by prohibiting the national committees, State committees, and representatives of a public officials from doing the same thing.

Mr. CARLSON. I am not familiar with the amendment the Senator has just



read—the section dealing with the proposed law, but I ask him, would this in any way interfere with voluntary contributions made by Federal workers?

Mr. WILLIAMS of Delaware. Not at all. I would object to it if it did, because an employee of the Government has a right to support the political party of his choice on a voluntary basis just as he has the right to vote for the party of his choice. That is, of course, his right. He can make contributions, but it would prohibit employees from being shaken down by any political committee.

I should like to read a letter from an employee emphasizing the need for this proposal. I will delete the names of the employees; they are afraid of retaliation.

[Personal and confidential]

HON. JOHN J. WILLIAMS,  
Senator from Delaware,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR WILLIAMS: On May 27 *The New York Times* reported your resolution calling on the Attorney General to investigate charges that federal employees were being solicited for political funds in violation of the Hatch Act. The article implied but did not state that the resolution was carried.

I am a federal employee, whose recent appointment to a non-supervisory Grade 11 was entirely non-political. Every employee (above clerical) of my office was solicited to contribute for the impending Johnson affairs in New York City. Amounts of the expected "gift" were recommended. When I declined to give, my pay and my advancement were, it was suggested, in danger.

I do not intend to make any charges under the Hatch Act, and am not seeking any relief for myself or punishment of others. However, I completely support your resolution, and urge you to do everything within your power to see that a meaningful inquiry is made. The kind of sophisticated extortion that can be involved in these violations is humiliating to those who yield and to those who don't, to say nothing of the officials who condone it.

Sincerely,

Mr. President, I have had many such letters from employees who feel they may not get well deserved promotions if they are known to have complained of these shakedowns. Congress is familiar with the situation. The President has said he wants something done about promoting clean elections. All right, let us do something instead of just talking about it.

All the amendment would do would be to add to the existing law the provision that representatives of political committees cannot shake down Federal employees for political contributions.

This closes the loophole.

Let me repeat that these employees can still contribute on a voluntary basis. They can make contributions to the political party of their choice provided this is done voluntarily and not shakedown.

Of course, such a shakedown is done rather cleverly. Employees are not told they will be fired or that they will not get a promotion. They are not told that they have got to contribute; but a list is published of contributors where everyone can see it, and an employee therefore knows that his boss is going to be

looking at this list. The Senator knows and I know that it is in effect a shakedown.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CARLSON. I have been concerned about this situation for some time. Regardless of the party that is in power, I think the practice has been followed by both parties.

Mr. WILLIAMS of Delaware. It has.

Mr. CARLSON. I have been opposed to the practice. We ought to take action to correct it. It is unfair to employees. Say what we will, it is done under duress. The employees feel that they are forced to contribute. I hope we can do something in this field that will prohibit the solicitation of Federal employees by heads of agencies, by supervisors, or by other persons concerned. If the Senator's amendment is designed to do that, I can find nothing wrong with it, and I shall support it.

Mr. WILLIAMS of Delaware. The amendment does not go further than that. I had the amendment prepared by the Legislative Counsel. I shall read again a paragraph from their analysis of the amendment. The intent of the amendment is clear. I asked the Legislative Counsel to draft the amendment so that there would be no misunderstanding about the intent. I shall incorporate the entire statement prepared by the Legislative Counsel in the RECORD, but first I shall read a paragraph from the memorandum:

The proposed amendment would add a new subsection to this section which would prescribe the same criminal penalty to any person acting on behalf of any political committee (including any State or local committee of a political party) who directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States (other than from an elected officer).

Mr. CARLSON. Mr. President, will the Senator further yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CARLSON. As I heard the reading of the paragraph, it occurred to me that the amendment would be well received by every Federal employee. I sincerely believe the Senate ought to take action on it today.

Mr. WILLIAMS of Delaware. I thank the Senator from Kansas for his support. This bill deals with Government employees. Certainly they have felt over the years that they were being pressured. I have received several letters that I could place in the RECORD. I shall put some of them in the RECORD, and naturally I shall not give the names of the senders. I have received letters from throughout the Government from Federal employees who have complained about this practice.

I have discussed this subject over the years, both in this administration and in preceding ones, so the issue is not a partisan one. It is a practice which, as the Senator from Kansas said before, has been carried on to some extent, by both political parties. We may have different

opinions as to which party has carried the practice further, but we would not get anywhere by discussing that.

I hope the amendment will be accepted by the chairman of the committee. I send the amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill insert the following:

"TITLE VII—PROHIBITION UPON SOLICITATION OF FEDERAL EMPLOYEES BY POLITICAL COMMITTEES

"SEC. 701. Section 602 of title 18 of the United States Code is amended—

"(1) by inserting '(a)' before 'Whoever'; and

"(2) by adding at the end thereof the following new subsection:

"(b) Whoever, acting on behalf of any political committee (including any State or local committee of a political party), directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States (other than an elected officer) shall be fined not more than \$5,000 or imprisoned not more than three years, or both."

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an analysis of the amendment as prepared by the Legislative Counsel.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

#### MEMORANDUM FOR SENATOR WILLIAMS OF DELAWARE

The attached amendment to H.R. 14122 adds a new subsection to section 602 of title 18 of the United States Code (crimes and criminal procedure) so as to prescribe a criminal penalty for the solicitation of contributions from Federal employees by political committees.

The present section 602 of title 18 provides, in general, that any Member of Congress, officer or employee of the United States, or person receiving any salary or compensation for services from money derived from the Treasury of the United States who directly or indirectly solicits, receives, or is in any manner concerned in soliciting or receiving, any assessment, subscription, or contribution for any political purpose whatever from any other such officer, employee, or person shall be fined not more than \$5,000 or imprisoned not more than 3 years, or both.

The proposed amendment would add a new subsection to this section which would prescribe the same criminal penalty to any person acting on behalf of any political committee (including any State or local committee of a political party) who directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States (other than from an elected officer).

The term "political committee" is defined, for purposes of section 602 and certain related sections of title 18, in section 591 of title 18. The term, as so defined, includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors in two or more States. The term, as so defined, also includes any committee, association, or organization (other than a duly



organized State or local committee of a political party) which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors, whether or not in more than one State, if such committee, association, or organization is a branch or subsidiary of a national committee, association, or organization. (Section 591 of title 18 also defines the term "candidate" to mean an individual whose name is presented for election as Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, whether or not such individual is elected).

This definition of "political committee" contained in section 591 of title 18 will apply to the use of that term in the new subsection which this amendment would add to section 602. However, for purposes of this new subsection, a political committee specifically includes any State or local committee of a political party.

Respectfully,

HARRY B. LITTELL,  
Senior Counsel.

JUNE 15, 1966.

Mr. WILLIAMS of Delaware. Mr. President, the memorandum was prepared by Mr. Harry B. Littell, Senior Counsel of the Office of the Legislative Counsel, under date of June 15, 1966. It clearly establishes that the amendment is not intended to deal with any subject other than that which I have just outlined.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. MONRONEY. Mr. President, may I ask the Senator from Delaware when the amendment was first submitted?

Mr. WILLIAMS of Delaware. The amendment is now submitted. The subject has been discussed several times previously. The President recommended that Congress do something to correct the shakedown of these employees. I regret to say that I was unable to have the amendment prepared in time to submit it to the committee.

Mr. MONRONEY. It could probably not have been accepted by the Committee on Post Office and Civil Service, because it appears, from my reading of it, that it would have been subject to a point of order, because that committee does not have jurisdiction of election laws.

Perhaps it might be offered as an amendment to the Corrupt Practices Act. It might come within the jurisdiction of the Committee on Rules and Administration, which traditionally and historically has handled election legislation, or within the jurisdiction of the Committee on the Judiciary, because the amendment involves criminal penalties under the Corrupt Practices Act.

As the Senator from Delaware knows, the Committee on Post Office and Civil Service held hearings extending over many days and covering many items dealing with Federal salaries and fringe benefits.

At this late date, much as I favor the passage of legislation to strengthen the regulation of reporting and fund-raising systems throughout the political structure, both Federal and State, I am at a loss to know how provisions of this kind could be enforced, particularly since they

deal with State and local committees, which generally have tenuous relationships with the national committees. The national committees concern themselves with the Senate and the House and handle the national fund-raising efforts, while the local committees deal with local affairs.

I have strongly favored the prohibitions now in the law—and they are strong—which the distinguished Senator from Delaware says have been violated by the solicitation of donations from Federal employees upon Federal premises or during Federal working hours. That subject is a matter of Federal law today, is it not?

Mr. WILLIAMS of Delaware. It is a matter of Federal law.

Mr. MONRONEY. Are not Federal employees prohibited by law from soliciting any contribution from any other Federal employee?

Mr. WILLIAMS of Delaware. Salaried employees of the Federal Government are prohibited from soliciting political contributions from other civil service employees, but representatives of salaried officials or political committees are not prohibited from doing so. Both the Senator from Oklahoma and I know that Federal employees are being solicited at the present time. The President has suggested that legislation be enacted to prevent it. Very well. The Senator from Oklahoma says he is in favor of such legislation. Then let us pass it. There is no time like the present to do so.

So far as the germaneness of my amendment is concerned we are dealing today with a bill which affects the salaries of 2,500,000 Federal employees. What could be a more appropriate vehicle for providing that the salary increase that is to be given to the Federal employees cannot be taken away from them as a shakedown or a contribution to be made to a political party?

Mr. MONRONEY. I have always felt that hearings on bills were a rather important part of the process of sound legislation. This proposal has been before the Senate for some 5 minutes; yet we are asked to incorporate it into a Federal pay bill without knowing exactly how it will apply. I do not know how any of the Post Office officials or any of the vast number of employees of the military establishment or other Government departments would be under any pressure to make a donation, and certainly not to a State political committee or local committee or party representative. I do not know how such a situation could be policed. I seriously doubt whether many of them would be impressed by a telephone call from a representative of either of the great, historic, national political parties.

Certainly I have a sufficiently high regard for the courage and the integrity of the people who are employed by the Federal Government to believe that if anyone tried to use coercion or threats, tried to threaten them in any way, they would resent it, and their resentment, with the sanctity of a secret ballot which they are guaranteed, would result in an extreme loss of political support rather than any gain of political support.

I do know that many employees buy tickets to fund-raising banquets; and certainly that is one of the ways that contributions for State funds are solicited. But my observation at almost all such banquets that I have attended has been that they have been attended by a wide variety of men from all walks of life, that the number attending who could be identified as Federal employees would be small indeed, and that such employees would be almost totally absent when you reach the State or county level.

I do feel that the importance of a clean elections bill, many facets of which have already been outlined by the President in his message, is such that it should be taken up, I hope this year, by Congress; and, after hearings that would develop all the facts necessary, we would then be able to legislate intelligently, and not be asked, after a bill has come to the floor, to vote on such a matter as the Senator suggests.

I do not know how we could identify and distinguish between the prohibitions against State and Federal members of local political parties. I wish the Senator would enlarge on that. What is the direct or indirect offering of a \$10 banquet ticket? Those things are prohibited, with criminal penalties, in the Senator's amendment. I think the language could have been vastly improved on and become much more effective had the amendment had the advantage of hearings before a congressional committee.

Mr. WILLIAMS of Delaware. I first wish to thank the Senator from Oklahoma for giving such enthusiastic endorsement to the proposition that all bills and amendments should have committee hearings before being acted upon by the Senate. I only wish he had been of that same mind 2 or 3 weeks ago when we had the cotton bill before us, a bill which had had no committee hearings in either the House or the Senate. I moved to send the bill back to the committee for that reason, but the Senator did not support me. That bill involved about a \$400 million authorization and had had no hearings whatsoever. Apparently this argument of the desirability of committee hearings is something to be used when it is desired to postpone action. It is a delaying tactic.

As to who is for the bill and whether the departments would be for it I would venture to say that if representatives of the departments testified they would testify for it. If representatives of this Great Society were to talk to Senators privately I expect they would say they hoped it would not pass; they raise a lot of money out of the present system. If the Senator were to talk to civil service employees, however, he would find they are for it, because civil service employees are tired of being shaken down by political parties.

The existing law provides—and I shall read it again—"any Member of Congress, officer or employee of the United States, or person receiving any salary or compensation for services from money derived from the Treasury of the United States," and it goes on and states that any of these salaried employees who are on the Federal payroll if they solicit



political contributions from civil service employees shall be subject to the penalty.

But under the existing law there is no penalty if a representative of a political committee, such as the Republican or Democratic State or National Committees, makes such solicitations. There is no law against this type of solicitation as the law stands. My amendment merely proposes to add a new subsection which would apply the same criminal penalties to any person acting on behalf of a political committee. It would simply close that loophole by providing that the same penalties shall be applicable to such persons as are now applicable to salaried officials if they solicit.

Certainly there should be no objection to that. Employees are not prohibited from having the right to make such contributions voluntarily if they wish.

The Senator raised the question as to the broad definition of the word "committee" as it is used in the amendment. This is the same definition of a political committee that was used in the amendment which was passed by the Senate unanimously about 3 months ago which prohibited both political parties or their committees or subcommittees from selling advertising in brochures on campaign functions. It is the same definition of "committee" which has been approved by Congress before.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Washington.

Mr. MAGNUSON. I voted for the amendment of the Senator from Delaware 2 or 3 months ago on the so-called brochure matter. I voted for it because I thought that was a tax problem. It involved the question of the Federal Government not receiving the proper taxes as a result of a deduction which perhaps should not be granted; and I thought that was a proper amendment.

But I, too, am somewhat confused about this amendment—and I am not making that statement because I happen to be the chairman of the Senate Democratic Campaign Committee. I am sure that the distinguished Senator from Kentucky [Mr. MORTON], if he were here, would speak as I speak.

What does the Senator mean by a political committee? Out in my State, there are often bond issues for schools or recreation facilities or other local issues for which committees are formed—political committees for a referendum or against a referendum, or for or against an issue. These committees openly go to Federal employees who might be concerned and ask, "Would you help us on this committee?" It seems to me that the Senator's amendment would prohibit them from seeking any such help. They would probably be quite seriously disturbed about giving \$2 or \$3 or \$4 or \$5 to such committees in local communities for local issues. The matter involved could be a sewer district to serve the homes of many Federal employees, who would wish to go out and help. I am afraid that the Senator's amendment, if agreed to, would stifle that sort of thing unless the term "political committee" were more clearly defined.

Mr. WILLIAMS of Delaware. If the Senator will yield, I can answer that very easily. My amendment would amend section 602 of title 18 of existing law which already defines political committees. This has nothing to do with a proposal for a sewer going in front of a man's home or a school bond election.

Mr. MAGNUSON. I wanted that point cleared up.

Mr. WILLIAMS of Delaware. That is right; I am glad the Senator asked the question. The section of the Corrupt Practices Act to which I referred deals entirely with political contributions, as defined for the purpose of electing candidates for national office.

Mr. MAGNUSON. Would that include local officials, too?

Mr. WILLIAMS of Delaware. Only as defined under the Corrupt Practices Act; it would follow the same definition as the present law. I am sure the Senator would not wish to change that definition as now stated in the act.

Mr. MAGNUSON. No; I merely wished to clarify the matter. It is somewhat unusual to present a matter of such broad scope at this stage, without some discussion. I would like to have an opportunity to discuss the matter with the distinguished Senator from Kentucky. I do not believe it affects our respective committees because the employees of both the Senate Republican and Democratic Campaign Committees are few in number. We have three on my committee, and I do not think Senator MORTON has more than three or four who actively work for the Republican committee. They do the administrative work. And when we have a dinner, such as the Senator from Kentucky has downtown about 2 months ago, at \$1,000 a ticket—and had a full house—lots of people bought those tickets and contributed. I do not know how many Federal employees were there; there might not have been as many as the Democrats had at their \$100 dinner about 6 weeks ago.

But we form outside committees. In my case, Gen. Jess Larson was the chairman of the downtown committee. I know there were a number of Federal employees who came to that dinner. They were not solicited in any way out of any of these campaign offices, and no one intended that they should be. When the Senator speaks about any political committee, I can understand it as referring to a sort of semiofficial committee, such as the Democratic Campaign Committee, the Republican National Committee, Senator MORTON's committee, and others.

I think we should have a much better clarification and understanding of the subject matter when dealing with any political committee.

The Senator from Delaware knows that campaigns are not run without money. It does not cost as much to run for office in Delaware as it costs to run for office in Illinois. There is not as large a geographic territory to cover in Delaware. Also, the cost would be based on so much per voter.

We have read in the newspapers about

someone having raised \$100,000 or \$200,000 at a dinner. That sounds like a big amount. However, there are 1,500,000 voters in the State of Washington. If a man were to run for the office of Governor or U.S. Senator from Washington, he would perhaps have a campaign fund of \$200,000, which sounds very large to the average individual. However, when we break the amount down, it amounts to perhaps 20 cents a voter. One can barely send a letter to a constituent for 20 cents, let alone do anything else.

We should look at this matter in that perspective.

I have not heard the argument of the Senator from Oklahoma concerning the germaneness of the amendment. However, I hope that the Senator from Delaware will consider the request of the Senator from Kentucky and myself. We are personally interested since we have been designated as delegates by our respective parties. We hope that we can talk to the Senator from Delaware about this and see what the definitions mean and go into the matter in the depth it deserves.

Mr. WILLIAMS of Delaware. I should be delighted to have the Senator talk to the Senator from Kentucky. The Senator from Kentucky is here, and I am sure he will support this amendment. I saw him 10 minutes ago.

Mr. MAGNUSON. He had no notice of the amendment.

Mr. WILLIAMS of Delaware. I have just talked to the Senator from Kentucky about the amendment.

Mr. MAGNUSON. The Senator did not notify the Senator from Washington.

Mr. WILLIAMS of Delaware. The Senator from Washington is here now, and he has a copy of the amendment.

Mr. MAGNUSON. I was in my office all morning.

Mr. WILLIAMS of Delaware. The Senator from Washington says he is interested in this matter. Then let us approve the amendment.

In reply to the question concerning the germaneness of the amendment, the pending measure is the most germane proposal that could be offered. We are dealing with a salary increase for 2.5 million employees.

All that the amendment would do in the example outlined by the Senator would be to provide that his senatorial campaign committee or the committee headed by the Senator from Kentucky could not have a person acting on their behalf and solicit contributions or sell tickets.

Mr. MAGNUSON. The Senator is correct, and we do not do so.

Mr. WILLIAMS of Delaware. I am certain of that.

Mr. MAGNUSON. I do not know what the committee may or may not do. However, I do know that every time the committee's action is correctly questioned—and that has happened on occasion respecting the sending of letters and so forth—the questioned practice is stopped rather quickly. The story appears on the front page of the newspaper.

Mr. WILLIAMS of Delaware. The present law does not prohibit or provide



penalties for an employee of one of the committees or of one of the downtown committees who makes such solicitations. There is no law against such action.

This amendment merely states that representatives of these political committees who solicit funds would be subject to the same penalties now applicable to salaried officials.

Mr. MAGNUSON. That provision would apply to an employee in Dover, Del., raising money for the election of a sheriff.

Mr. WILLIAMS of Delaware. It would be if that employee were shaking down the Civil Service or Government employees and if the sheriff's name were on a national ballot.

Mr. MAGNUSON. No one is shaking anybody down.

Mr. WILLIAMS of Delaware. They cannot be pressured into contributing. The employees can buy tickets if they wish. However, we do not elect a sheriff in Dover unless he is running on the same ticket as the other candidates. When they are on the same ticket as national candidates they would be covered.

Mr. MAGNUSON. We have candidates on all tickets.

Mr. WILLIAMS of Delaware. The Senator is correct. However, they do not run nationally on all tickets.

The amendment merely states that representatives of these public officials or political committees cannot go out and do what the principals are barred from doing under the existing law. If we do not close this loophole, Congress might just as well stamp our approval on such action. Personally I think it is wrong.

I read a letter from another employee. It is as follows:

Senator JOHN J. WILLIAMS:

I am a career employee with many years of service. I have never been high-pressured for the \$100 fund raising like I have been this year. This is the first time I know of that employees were solicited at work, right at their desks. A list was maintained of givers and nongivers in the Commerce Department. Lack of faith and integrity in the Civil Service System prohibits me from revealing my name. Fellow employees know that promotions are denied to the nongivers.

We should enact legislation protecting these employees from forced contributions.

Mr. MAGNUSON. I think this involves an interpretation by an employee of what a solicitation is.

I could read all kinds of letters written during the Eisenhower administration, during the Harding administration, and perhaps during the Lincoln administration—letters written in an effort to solicit funds.

It depends on how the man himself interprets solicitation.

I would like to have the amendment define the meaning of solicitation with more care and precision.

Would the term "solicitation" cover a fellow employee who would say, "Did you buy a \$10 ticket to the dinner for our old friend, the sheriff of Dover?" The other fellow might say, "No, but perhaps I had better do so because you never know when you will see the sheriff."

It is a matter of advice and not solicitation. The definition of solicitation is

not that of the fellow himself. He perhaps did not want to buy the ticket and perhaps would not have bought one. He did not have to. He would perhaps instead say something similar to what has been stated in the letter from which the Senator just read.

I think we are getting into a field in which we ought to have a little more definitive discussion of what we mean by political committees all over the United States. There would be thousands of such committees, perhaps more than that.

What is solicitation? If someone comes in and says, "If you don't do this, I will do something to you," that would be solicitation. No one could say that to him but a superior.

However, if the matter arises in another more subtle way he might still say that he was solicited. He did not have to do anything about it. That is what bothers me about the amendment. I am sure that I also speak for the Senator from Kentucky.

Mr. WILLIAMS of Delaware. I understand that the Senator from Illinois seeks recognition, and I shall yield. However, I must state again that the amendment does not in any way attempt to redefine solicitation or contributions as presently defined under the existing law.

All that the amendment would do would be to impose the same penalties against an employee of a senatorial campaign committee or other political committee who was soliciting political contribution from Government employees. All that this amendment would do would be to add "employees of these committees" so that a man cannot designate someone to do this soliciting in an effort to get around the existing law.

This is a loophole that has been recognized by the President and by many others.

Everyone says that he is against this practice and that he wants to do something about it. This is the chance to do something. Vote for this amendment here today.

Mr. MAGNUSON. We are going to have hearings on the recommendations. Most of the committee members say that we will have hearings on this. The Senator from Kentucky and I have an amendment that we want to offer in order to help clarify some of this matter.

I was hoping that this sort of thing could be put in at the proper place and time so that we could have a really definitive look at what the amendment means.

Mr. WILLIAMS of Delaware. This proposal was not a part of the bill as introduced in either the House or the Senate. Why delay action?

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Mr. President, there has been discussion as to the meaning of the word "solicitation." I listened to what was said by the Senator from Delaware. If I am correct, his statement was that he is not at all changing the meaning of the word "solicitation."

He is using that word in the exact connotation that it carries in the present law.

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. LAUSCHE. All that the Senator is doing is asking that the senatorial or congressional employees be covered under the general existing law pertaining to solicitation.

Mr. WILLIAMS of Delaware. The Senator is correct.

I shall read from the existing law, section 602 of title 18:

§602. Solicitation of political contributions.

Whoever, being a Senator or Representative in, or Delegate or Resident Commissioner to, or a candidate for Congress, or individual elected, as Senator, Representative, Delegate, or Resident Commissioner, or an officer or employee of the United States or any department or agency thereof, or a person receiving any salary or compensation for services from money derived from the Treasury of the United States, directly or indirectly solicits, receives, or is in any manner concerned in soliciting or receiving, any assessment, subscription, or contribution for any political purpose whatever, from any other such officer, employee, or person, shall be fined not more than \$5,000 or imprisoned not more than three years or both. (June 25, 1948, ch. 645, Stat. 722.)

That is the present law. The proposed amendment would merely add a new subsection to this section which would prescribe the same criminal penalties for any person acting on behalf of any public official or political committee.

The definition of a political committee is the same as defined in the amendment that was approved about 3 months ago prohibiting political committees from selling ads in their bulletins.

Mr. LAUSCHE. Do I understand correctly that the amendment proposed by the Senator from Delaware would not affect the present meaning of the words "soliciting," "receiving," or other language used in the existing law?

Mr. WILLIAMS of Delaware. The Senator is correct. The proposed amendment is not intended to change one iota the definitions it merely provides similar penalties for representatives of the committees. The restrictions would be no different from those presently applicable to the Senator from Ohio and myself.

Mr. LAUSCHE. A question was asked as to what is meant by "solicitation." I say this in a spirit of lightness. Regardless of how tender and how innocent the request might be, the fact is that Congressmen intimidate and coerce employees in the contribution of money for political campaigns.

I can go to an employee of mine and by a mere look, by a mere tender suggestion, suggest that he give money. It might be said that that is innocent solicitation. The fact is that it is evil and flagrant intimidation.

I am glad to say that I have never taken a nickel as contribution from any of my employees in the entire time that I have been in the Senate.

Mr. WILLIAMS of Delaware. I thank the Senator from Ohio for his support. I am sure the same statement can be made by other Senators.

Mr. MAGNUSON. The Senator from Ohio might raise the implication that, while he has not done it, someone else has.



Mr. LAUSCHE. We are talking about prohibiting this practice, and I suppose we are talking about prohibiting this practice because we fear that it is being done.

I repeat that nothing in all these circumstances justifies the argument of the Senator from Washington for special hearings to find out what is meant by the word "solicitation."

Mr. MAGNUSON. I did not say that at all. If we are going to have a confession here—

Mr. WILLIAMS of Delaware. I stated before to the Senator from Ohio that I was certain that what he said was equally applicable to all other Members of Congress, because I have not heard of a single instance during the time I have been in the Senate in which a Member of Congress was shaking down his employees. I am not intimating that.

Some of the letters I read were written under the preceding administration. This problem does not relate only to this administration. I emphasized that before, and I do so again. I have heard complaints about both administrations. I have discussed this problem many times.

Only recently, after considerable research, I found that the employees—not employees of Congress, but employees or representatives acting on behalf of political committees—are not prohibited from soliciting contributions. Under the proposed amendment, an employee of a political committee or representative of a public official or candidate would be subject to the same penalties to which the members of that committee are now subject. The definition of "solicitation" or "contribution" would not be changed one iota from that which is applicable today, under existing law.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MAGNUSON. The Senator from Delaware has clarified part of the problem for me. However, in the part of the country from which I come, an argument often recurs as to whether we should have a city sewer district or a metropolitan sewer district. Three people running for the sewer commission will say that if they are elected, they will do it one way, and another three say they will do it the other way. The subject affects Federal employees and other people who live in that area, and they form committees to elect three people on one side as against three on the other side. When we reach down to these local committees, I think we are going very far in this situation. It could affect a candidate for a nonsalaried position. Most of these positions are nonsalaried.

Mr. WILLIAMS of Delaware. I can say this: The definition of a committee is not changed from that contained in the Corrupt Practices Act. I believe the Senator from Washington will find that that act does not prevent civil service employees from participating in purely local matters.

For example, it is my understanding that a civil service employee can run for a member of the commission in his town or for a member of the school board, et cetera.

The Corrupt Practices Act defines a candidate as one whose name is presented for election in one or more States.

Those cases which the Senator from Washington has mentioned are purely local affairs. It is my understanding that as a local citizen he can hold office and solicit office the same as anyone else. But if he is on a ticket in which a national officer is involved that is when the problem arises.

Mr. MAGNUSON. The Senator from Delaware says "any political committee." As I read the amendment, it contains the phrase "any political committee."

Mr. WILLIAMS of Delaware. It is the same as the definition in the existing law. That is where it is taken from.

Mr. MAGNUSON. This illustrates how confusing amendments can be when they are not discussed. I do not say special hearings should be conducted. No one has said that. However, the committees having jurisdiction in such matters should at least be able to discuss such important legislation.

Mr. WILLIAMS of Delaware. The amendment was to be offered on Friday, July 1; however, fortunately or unfortunately, the Senate adjourned on Thursday, and the amendment could not be printed.

(At this point, Mr. BAYH took the chair as Presiding Officer.)

Mr. DIRKSEN. Mr. President, I should like to intrude myself into this discussion, with respect to some general considerations that look toward the bill but have no particular bearing on the pending measure.

I have some misgivings about the bill. I intend to vote for it. But that does not entirely assuage a sense of apprehension that I have entertained about the constant effort to load the Federal budget to a point where it must be giving serious concern to nearly every responsible person in the Federal Government.

Now, this is going to cost, I figure, \$471 million. If, of course, it had been made effective next January instead of being dated back to this month, July, it would probably be in the neighborhood of \$300 million, or something less than that. But it would be at least that much of an extra charge upon the Federal Government. The House of Representatives made it effective July 1, 1966. The President, in his state of the Union message, asked to make it effective January 1, 1967.

The distinguished majority leader and I had a discussion of the matter to see whether or not a compromise date of October 1 probably could be developed, but it fell by the wayside because I presented it to our policy committee and they did not show any particular sympathy for it. So, here is another charge on the 1967 budget.

I am afraid that all of this obscures what I think is the largest consideration involved here. Frankly, all of our fiscal situation is most disturbing. The money supply is increasing in this country at an incredible rate. If any one has any doubt about it, let him make some comparisons over the last 10, 15, or 20 years to see how we have hiked the disposable money supply in this country; and obviously it becomes one of the fea-

tures in this whole feverish business of inflation.

The credit demands that seem to exist at the present time are completely unprecedented. Frankly, I have never seen anything like it. Letters that reach me from day to day insist that the Government has to do something to loosen up credit and to make possible additional spending in order to keep this overheated condition in our economy, which is aggravated by the fact that we load it up by constantly hiking nearly everything that goes through the Appropriations Committee, with only a few exceptions.

This search for funds is astonishing but has a very natural impact upon interest rates. I see now in the Federal Reserve States, the central reserve cities and elsewhere, the 5.5 percent interest rate is becoming quite common, and they are beginning to bid for money at 5.5 percent. It will go to 6 percent. I see that in Great Britain they are toying with an interest rate of 7 percent. If that is going to be the bellwether for what happens in this country, I begin to dread a little what may be around the corner.

But certainly there is fierce competition for funds today. That goes for banks, that goes for mutual savings banks; it goes for the savings and loan associations, it goes for the insurance companies, and it goes for nearly every thrift institution with which I am familiar.

At one time I served on the board of directors of a savings and loan association that was in the \$500 million bracket. I know how these shuttlings of demand for credit operate in an institution of that kind.

It is no wonder that European financiers become rather dubious about the fact that we will not face up to our fiscal problems and really come to grips with what is right here before us.

I had quite a session the other day with the Chairman of the Federal Reserve Board and I had several sessions with the Secretary of the Treasury. Perhaps I should not say that they have some concern, but you could not talk to them without detecting that there was concern, and they would like to see the Congress do a little more realistically by the President's budget and give a little more cooperation to the Chief Executive.

The gold rate continues. The imbalance of payments is still there. It is far from a solution. No one knows when the gold raiding is going to quit. The inflation fires burn brightly everywhere in the land.

If you have any doubt, you can go into any grocery store. It was my pleasure three or four times during the last week to hobble around on crutches or in a wheelchair and look at prices.

Once upon a time I was in the grocery business. I think that everybody in our family was at some time. I have an idea of the comparisons that one can make.

It is incredible, to say the least, but then, you do not have to guess at the situation. All you have to do is look at the prices and take time to look at the cash register when you get your bill at the counter.



All of this has an impact on fixed income. It has an impact on the incomes of pensioners. It has an impact on wage demands that is absolutely unmistakable. Obviously, as far as trying to meet this situation by taxes is concerned, I presume everybody wants to shun another tax bill in an election year, because politically it is not quite the palatable thing to trot forth.

If this situation continues, what will be the ultimate end? If history is any teacher at all, there will undoubtedly have to be additional taxes, or there will have to be controls. There will have to be a deeper intrusion of the Federal Government into the entire field of economic decision making. That has always been the domain of private enterprise. If those three are not the ultimate result, then maybe it will be boom and bust, as it was in October 1929.

I think that most Senators must still remember that there were people who jumped out of 20th story windows because they could not take the gaff when the economy began to collapse.

I said that the Congress is not completely cooperate with the President in this field. I am prepared to prove it. Congress is the keeper of the purse. It is the constitutional guardian of the purse. Not a dollar can come from the Federal Treasury except in pursuance of an appropriation made in law. If that is not the Constitution, I am not familiar with that document. If that does not make Congress the keeper of the purse, then, frankly, I never really understood any constitutional history.

I learned long ago that the sword was committed to the President in his capacity as Commander in Chief, and that the purse was committed to Congress, and that we had the responsibility for it. Now, we cannot ignore that responsibility, but I wonder if we are not doing so.

I think that these figures are probably correct. I got them from the best source in the Appropriations Committee.

The agricultural appropriation bill is above the budget by \$48 million, and will be by another \$145 million if there is added the rural electrification programs. I presume that includes the telephone program.

The Department of Defense appropriation bill will be \$946 million over the budget. The Labor, Health, Education, and Welfare bill already has been passed by the House of Representatives, and it is \$490 million over the President's budget. That includes \$233 million for payments to school districts, namely, the impacted areas, and \$74 million over the budget for the National Institutes of Health.

The Interior Department appropriation bill was signed into law and the amount recommended was only \$18 million under the budget.

The Post Office appropriation bill has been enacted into law and the cost is only \$50 million under the budget.

Those are paltry sums compared to increases we have voted, and it is not all in the field of appropriation because we have authorized some expenditures that run into very significant sums, as, for

example, the so-called GI cold war bill.

There, I think, we run into something over \$200 million. Now here is the civilian pay bill, and on the basis of the dating of the bill, it will be \$300 million above the President's recommendations. The military pay bill, which is in conference, will be above the budget to the extent of \$360 million. The military medical benefits bill, already approved in the House, will be \$213 million over the President's recommendations. The GI cold war bill was \$250 million over the President's request. Then comes the water pollution control bill. It is on the calendar, approved by the Senate committee, and it will be \$276 million above the President's recommendations.

These are just the major items. If we try to interlard it with a great many other items, it becomes an impressive sum of money. This but adds and will add to the spendable funds in the country. It can do nothing other than feed the inflationary fires.

At some point, it may become the straw which will finally break the back of the camel. I say this against a rather interesting background. I checked some figures and discovered that the Federal Reserve System now has roughly \$42,000 million in Federal securities. That is the highest in the history of that institution. It is the highest in the history of the country. If that does not bring apprehension and concern to those who have responsibility for Government, frankly I do not know what will.

I had hoped that in the course of this session of Congress there might be opportunities to cut some of the appropriation bills. Perhaps I have been somewhat remiss in my duty in that field, but opportunities to cut in a substantial way are not too generous, which is to say that when we take out the "untouchables," such as interest on the public debt, the veterans—which we cannot very well cut; and we can do nothing about the affairs in Vietnam because we have to supply what it takes in order to bring them either to the conference table or two provide a victory.

Thus, we have to look elsewhere if we are going to do any cutting and somehow dampen this inflationary fire.

Mr. JAVITS. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I am happy to yield to the Senator from New York.

Mr. JAVITS. The minority leader, on this side of the aisle, has served his country and Congress well by inviting attention to this situation. Regardless of whether I or any other Senator agrees with him as to specific cuts in the pay bill, or any other matter of that character, there is always a duty to balance the books, and we are not doing it. That is what the Senator from Illinois is pointing out. That is his central theme, with which I thoroughly agree.

Let me suggest to the Senator from Illinois that he has put his finger on two points. In addition to the question of appropriations, which are critically important to the country, there is the shortness of money, the tightness of money, and the high interest rate which is unjustified by the Nation's credit

standing; and there continues to be a serious imbalance in international payments which is restricting our maneuverability in banking terms throughout the world. The Swiss bankers are pretty much writing the ticket for the United States, as they maintain the books. It is therefore to them that the dollar is weak or the dollar is strong.

Let me ask my colleague, as a responsible leader in Congress, this serious question: It may be that we cannot raise taxes in an election year for political reasons, but political reasons must, occasionally, give way to the interests of the Nation. As the Senator and I both know, it is unlikely that the pay bill will not be adopted, that the water pollution bill will not be passed, or that the anti-poverty program will not be raised. Does the minority leader feel that we must give serious consideration to our responsibility, and to the word "responsibility" of Congress and consider a tax increase?

The President is way behind his duty now and has himself brought us, in my judgment, to this present situation because he has been unwilling to face the necessity for a tax increase 4 or 5 months ago, which we could have done at the rate of 5 percent across the board, which would have materially helped us with our situation.

I submit to the distinguished minority leader this serious question as to our responsibility, with which I thoroughly agree. Can we afford to lay aside the alternative of a tax increase, which is an element of that responsibility, because it would be politically uncomfortable?

Mr. DIRKSEN. Let me say to the very distinguished Senator from New York that if a tax bill were brought in tomorrow, I would vote for it. I would do so because I do not wish to see the country go down the drain, or partly down the drain. I do not want to go through the kind of agony we all went through in 1929 and for all those years thereafter and virtually had to be bailed out by a war before we got our feet on solid ground once again.

Now, time is of the essence. I believe if that is the thing which best counsel advises, then we should come in with a tax bill—and I would be willing—any old time, because something must take place. The day of miracles is over. We have come to the end of that road.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I am happy to yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I do not know nearly so much about national and international finances as does the minority leader and the Senator from New York, but I do know that during the 10 days I have been away from Washington, I have found considerable worry over the economic and credit situation in the United States, that it is fast taking precedence over even the war in Vietnam as the No. 1 cause for concern in this country—although if we go back to the war that probably is the cause for all of it. As it continues to expand, it will continue to increase this concern. But, I



found that nearly everyone is upset over the credit situation.

They say, "If you want to build 500 houses, you can probably get money from one of the larger New York banks, but if you want to build one house for just yourself and family, you do not have a chance in the world."

To me, the irony of the situation lies in the fact that the predicament in which we are placing ourselves will redound to the benefit of Russia more than any other country in the world. They will get the benefit of our enormous expenditures.

The action of the administration last week in stepping up the bombing in Vietnam is reflected in a published report in the Los Angeles Times which points out that we have again bailed out Russia at the Bucharest meeting because of our actions. However, I certainly feel, after talking with the people at home, who seem to know a lot more about finance and credit than I do, that the President cannot afford to wait until after the election before he takes steps which are essential in time of war.

Those whom I have confidence in say that the President is courting disaster for the United States by postponing what would ordinarily be called perhaps war measures, such as mobilization of credit and personnel and other controls which go along with a war.

I hope that the President will not delay.

Senators will remember that I spoke on the floor last January 31 and pointed out the things which we should do if the war is to be expanded. We are going to spend in Vietnam alone this year probably one-third more than the total cost of the Korean war. When we say that we can do that without any preparation, when we attempt to put off facing troublesome matters until after an election, we are merely jeopardizing the welfare of this country.

Mr. DIRKSEN. I have one answer. I can testify to what the distinguished Senator from Vermont says. It shows up in the letters that come in by the score from small enterprises all over the country. We are now having these credit problems. It is in the fierce money competition between the banks and the savings and loan associations. I read that the mutual savings banks in New York have increased their interest rate. So, little by little, competition is being sharpened, and that brings on the evil day.

Mr. AIKEN. I believe I heard on the radio this morning that Great Britain has now announced an increase in interest rates to 7 percent.

Mr. DIRKSEN. I understood so.

Mr. AIKEN. That does not look too good for our balance of payments.

Mr. JAVITS. Mr. President, will the Senator yield to me for a moment? I know that the majority leader wishes to speak, but I should like to complete my argument and to complete the thought which has now been buttressed by the Senator from Vermont, and to endorse what he has said.

The difficulty with tight money is that it is nondiscriminating. It is tight money for everybody.

Mr. DIRKSEN. That is correct.

Mr. JAVITS. It is tight money for lipsticks; it is tight money for essential construction; it is tight money for entertainment; and it is tight money for automation, where automation can contribute to a reduction in the cost of living.

The administration, so far as I know, has not enforced regulation W or regulation X, which sought to set high standards for consumer credit, which now covers an enormous area of the total credit of the country. If my memory serves me correctly, it is around \$50 billion.

The minority leader has opened a subject of tremendous portent to the country. I hope that he will himself join occasionally in the debate and the discussion on the floor of the Senate, so that the administration may be called to the issue of responsibility, which I thoroughly agree with the Senator from Illinois that Congress must assume.

Mr. DIRKSEN. In respect to every bill that raises the budget, there ought to be such a discussion as this, and we should not be timid about it. It was said of the Chairman of the Federal Reserve Board that he should not have made his speech at Columbia University, because he began to rake the ashes of 1929. He was told, "You must not do it. You must not jeopardize the country."

But the time has come to come to grips with the truth, and we must do it now before anything happens. That is why I undertook now to state that I had misgivings about this bill, but that I would vote for it because it was a part of the President's request in his state of the Union message, except that he wanted it to become effective January 1, 1967, instead of July 1, 1966.

Mr. JAVITS. This is essentially a cause for liberals, not only for conservatives. If we liberals want to vote appropriations because we believe they are essential to the Nation's welfare, we must face up to what it takes to maintain the appropriations.

Mr. MANSFIELD. Mr. President, will the distinguished minority leader yield?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. I am glad that the distinguished Senator from New York has made the statement he has just made; it counterbalances what I thought he was going to say when he began, which was that he thought the administration was to blame for the inflation which is, in part, upon us at the present time. But the distinguished minority leader throughout his remarks, and the distinguished senior Senator from New York in his later remarks, pointed out that Congress has a responsibility in the field of the raising and lowering of taxes; the President is not averse to requesting a tax increase, if it is needed, political year or not. Last January the President presented his budget to the Congress. It was skinned down to the bone. The various agencies of the Government presented requests of \$131 billion; as I recall, the President reduced these requests to about \$113 billion.

As the distinguished minority leader has pointed out, this Congress so far, either through appropriations or addi-

tional authorizations, has raised the President's budget by more than \$3 billion. It is Congress that has done this, not the administration. So if we are seeking to place the blame, let us not place it where it does not belong, let us give Congress its fair share, too.

I am delighted that this subject has been brought up, because the President has been greatly disturbed at the enthusiasm shown by Congress this year in going far beyond his recommended budget.

So far as a tax increase is concerned, the President has never shied away from that possibility. But he had hoped he would get some cooperation from Congress in the field of appropriations, so that his budget requests would not be exceeded but, if possible, would be reduced.

So I thank the distinguished minority leader for bringing this subject up on the floor of the Senate this afternoon. I point out that we bear our share of the responsibility—the whole Congress, Democrats and Republicans, liberals and conservatives—for what is being done to the budget this year. The figures which the distinguished minority leader presented are correct; the list is even more extensive.

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the distinguished Senator from Ohio.

Mr. LAUSCHE. It is my recollection that the President recommended, too, that if in this measure we spent more money than he suggested, we should make up the deficit by the imposition of a necessary tax. That is my recollection. I appreciate the presentation made by the distinguished Senator from Illinois. I should like to make a brief comment which has relationship to what the Senator from Montana has said.

We can follow any of several courses. First, we can spend and tax. If this first course is followed, the obligation to tax will act as a deterrent against spending.

The second course is to spend but not tax. That is the easy way out. That is what we have been doing, as described by the Senator from Montana. He has stated that we have passed bills which have built up the spending program by \$3 billion in excess of what the President recommended. We will spend, but we will not tax. We will not tax because that is a bitter function.

We spend essentially in election years, because that is a sweet method of trying to gain political support.

Those courses are with us. Which one shall we follow? It will not be the course of spend and tax; it will be the course of spend and not tax. I agree with the Senator from Vermont [Mr. AIKEN] that a course of the latter type is dangerous and is a menace to the country.

Mr. DIRKSEN. Mr. President, let me allude to an observation made by the distinguished Senator from New York [Mr. JAVITS] when he indicated that we ought to come to grips with the question of a tax measure now.

Frankly, Congress is not beholden to any agency or branch of the Government with respect to a tax bill. The



revenue power is vested in the House of Representatives, under the Constitution. We do not have to wait for the Secretary of the Treasury to appear before the Committee on Ways and Means or the Committee on Finance. Congress has the power to initiate taxation. The taxing power is here, just as the appropriating power and the spending power are here. We can act on our own initiative, if we like; and in that particular domain, I should say that that is a part of our responsibility along with being the keeper of the national purse. It is high time that we come up full tilt to that responsibility, before it is too late.

Mr. WILLIAMS of Delaware. Mr. President, I congratulate both the minority leader and the majority leader for calling to our attention the additional appropriations which have been made by Congress this year. As one who is proud to be in the conservative camp I regret that we have not had enough votes and support in the Senate to hold appropriations down.

The Great Society is just too expensive for the American taxpayers.

However without excusing Congress from our responsibility—and we do have a responsibility—I think we should emphasize that there is a responsibility in the White House also.

Mr. DIRKSEN. Right.

Mr. WILLIAMS of Delaware. And the President should be reminded that it does not cost any more to buy a veto pen than one to sign these bills. Far too often we find the President criticizing Congress for spending too much money, and yet when the President signs the bills he stages a great affair on television to tell what he is giving the people without telling them the cost. I would suggest most respectfully that the President buy a case of veto pens and use them.

Mr. JAVITS. What the Senator from Delaware says is perfectly true, and what the minority leader says is perfectly true. We do not initiate tax legislation. Perhaps that is fortunate, for tax legislation is very complex, and can have many pitfalls for a committee. I have little doubt that if we demanded it, the Treasury would prepare a tax increase bill for us. But I do think it would be exculpating the administration much too far, with all due respect, not to join in what the Senator from Delaware has said about the fact that the President has taken a great deal of credit for getting these new programs through, and further to point out the tremendous amount of machinery available to the Federal Government which is not being used. Essentially—and I speak now as a ranking member of the Joint Economic Committee—we have been using monetary and not fiscal policy to deal with our inflationary dangers. What the Senator from Illinois is saying is that it is high time to employ fiscal policy. Fiscal policy includes not only debt management and taxation, but also includes credit regulation and other measures available to the President. I think the President had better take a hard look at some of these things which are politically unpopular.

I think the time has come when we have got to be unpopular and raise taxes. On that issue, I feel exactly as does the minority leader. I will vote for it and take my chances. I think it must be done.

I say it is time to use the power to regulate consumer credit and the various other authorities which the Federal Government has heretofore invoked in war situations, for that is what we are in. As the Senator from Vermont [Mr. AIKEN] has said, those who feel we are following the right course in Vietnam have got to be ready to face that music, too. The country today is at war, but it is not acting that way in terms of its fiscal affairs. I think we should be grateful to the minority leader, with his enormous prestige, for ringing that alarm bell today; and I think we ought to follow through and make it meaningful. The President will act, as we know, if there is an indication of concern in the country. Such concern is very highly justified. The present tightness of credit could bring on a recession, or worse. Senator AIKEN said you could get loans for 500 houses. You cannot, except FHA money. Private money is not obtainable. I talked to one of the biggest insurance companies in the United States this morning. They have no money to lend in 1966 at all, and very little for 1967. That is, generally speaking, the state of the money market. Interest rates are now at  $5\frac{3}{4}$  percent for prime money. They could easily go through the 6 percent ceiling for this country. It is ridiculous, and could be economically suicidal.

Mr. DIRKSEN. It could, indeed.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I would not want this opportunity to pass by without commending our distinguished minority leader, and also the majority leader, for their part in a discussion which I think is most timely. As mentioned by the distinguished Senator from New York, I think the issue may very well be resolved, not by us ourselves here in Congress, but very possibly by others outside the United States. In this connection, I read from an Associated Press dispatch of this morning:

LONDON, July 10.—There was speculation in Britain today that the bank rate, prime discount rate on which the country's interest structure rests, might go as high as 9 per cent before the end of the year.

The rate is currently 6 per cent. But many financial experts believe it will have to go up to the traditional crisis level of 7 per cent very soon—possibly Thursday. This will be long before autumn—the season when sterling usually comes under pressure.

I bring this up because I believe it is high time we begin to act, or we shall suffer a serious effect on our balance of payments.

Mr. President, I ask unanimous consent to have printed in the RECORD the article from which I have quoted, entitled "Experts See British Bank Rate Boost," published in the Washington Post for Monday, July 11, 1966.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### EXPERTS SEE BRITISH BANK RATE BOOST

LONDON, July 10.—There was speculation in Britain today that the bank rate, prime discount rate on which the country's interest structure rests, might go as high as 9 percent before the end of the year.

The last time the British bank rate reached that sort of level on a sustained basis was in 1873—though it jumped to 10 percent for a few days at the start of World War I.

The rate is currently 6 percent. But many financial experts believe it will have to go up to the traditional crisis level of 7 percent very soon—possibly Thursday. This will be long before autumn—the season when sterling usually comes under pressure.

London's financial district is already talking of the need for another dose of deflationary action by the government, including the raising of bank rate. The experts also foresee tougher restrictions on installment buying and possibly an increase in the sales tax.

The Observer devoted a long editorial today to the subject, saying: "The solemn fact is that Britain has now got to the point where even the pains of a forced devaluation might be less damaging than . . . refusing to face the fact that our currency is overvalued."

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. Mr. President, I do not think the President should be attacked, as he has been this afternoon, because he takes credit for some of the legislation passed by Congress. After all, a good deal of the legislation passed by the Congress is initially presented by the President in the form of messages or in the form of proposed legislation, or both.

However, I do think we should bear in mind the remarks made today by all of the Senators on both sides of the aisle, because this is a serious problem. And may I say that while I can find fault with the Congress for so far, either through appropriations or authorizations, raising the amounts involved between \$3 billion and \$4 billion above the President's January budget requests, I am not blameless. I am not any Galahad, because I have voted for practically every one of those increases. As a matter of fact, I do not see any on my list that I did not vote for.

But that does not make me any better or any worse than anyone else. It is something which Congress should consider collectively. It is something for which we all bear a share of responsibility.

I commend the distinguished minority leader and other Senators who have spoken this afternoon, and most especially the Senator from Kansas [Mr. CARLSON], the Senator from Vermont [Mr. AIKEN], who has documented everything about which he speaks, the Senator from New York [Mr. JAVITS], who knows the financial field very well, and the Senator from Delaware [Mr. WILLIAMS], who is always interested in economy in government, as well as the Senator from Ohio [Mr. LAUSCHEL], who is on his feet at all times trying to bring



about a reduction in appropriations and authorizations.

I think that together, they have done a service which I hope will be productive in the weeks and months ahead.

Mr. LAUSCHE. Mr. President, will the Senator yield for a further question?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. What is the understanding of the Senator from Illinois as to whether or not the recommended expenditure, under the President's message, was raised by the House, and that the level to which the House had lifted the recommended expenditure is now proposed to be raised by the Senate? That is, the President began at the lowest level, House raised the President's level, and we are now proposing to raise both the President's and the House's level of expenditure?

Mr. DIRKSEN. So far as I am concerned, it comes about with respect to the instant bill because of the date that is involved.

The President wished to make the civilian pay bill effective as of January 1, 1967. The House, however, dealt with it in a retrospective way, and made it effective July 1, 1966, meaning this month.

There was hope that perhaps that item could be compromised, and it could be made effective in October. But evidently nothing could be accomplished in that field, so the bill before us now is, in that respect, identical with the House bill; namely, it goes back to the 1st of July of this year, meaning that the 1st of this July it become effective and payable. That will involve, of course, an extra \$300 million, or a sum in that neighborhood.

Mr. LAUSCHE. Does the Senator from Illinois understand that the bill, as it is now before us, has an effective date of January 1, 1967, or of July 1, 1966?

Mr. DIRKSEN. It will be July 1, 1966.

Mr. LAUSCHE. And that is what the President recommended?

Mr. DIRKSEN. No, the President recommended January 1, 1967.

Mr. LAUSCHE. That is correct. Why would not an amendment be in order to make the effective date January 1, 1967?

Mr. DIRKSEN. It would be very much in order.

Mr. LAUSCHE. And that would be in conformity with the President's recommendation?

Mr. DIRKSEN. That is what he recommended in the state of the Union message in January.

Mr. LAUSCHE. If what we are arguing is sound, why should not the Senator from Ohio offer such an amendment?

Mr. DIRKSEN. There is nothing to restrain him from doing so; of that I can assure him.

Mr. LAUSCHE. I think I will do so.

Mr. DIRKSEN. Mr. President, let me conclude the discussion.

Certainly it is not a tasteful matter to essay the role of a Jonah going up and down the streets of Nineveh, shouting, "Forty days and forty nights, and the world will be destroyed," and then going out and sitting in the shadow of a gourd vine and waiting for destruction to come.

But there comes a time when some warning voices have to be raised. They have not been raised except on very infrequent occasions, as in the case of the chairman of the Federal Reserve Board, when he made that statement in New York a few months back.

They have not been raised in the Senate or in the House of Representatives, and this is where the business is being done. It is time now that we take stock of where we are.

When Lincoln became the candidate of his party for the Senate in 1858 he used one sentence that I thought covered the entire waterfront. He began by saying: "If we can but know where we are and whither we are tending, we shall the better know what to do and how to do it."

Four questions are contained in that short sentence. However, that sentence states the case—where are we, what is the direction, what do we do, and how do we do it? Those are the questions to which we should find answers before grief and distress overtake us.

I am grateful to all who have participated in the discussion this afternoon. I trust that my friend, the Senator from Delaware, and my compatriot, the Senator from Washington, have the sheriff of Dover elected and they have had the solicitations made. I trust that the sheriff was generously supplied with money for his campaign, and I trust that it was a Republican sheriff who was elected in Dover.

Mr. WILLIAMS of Delaware. Mr. President, I have received the answer to the question raised earlier by the Senator from Washington. The sheriffs in Washington would not be affected by the amendment. I asked the legislative counsel to prepare this memorandum for me.

Under the Corrupt Practices Act as defined, the political committee is defined as follows:

The term "political committee" is defined, for purposes of section 602 and certain related sections of title 18, in section 591 of title 18. The term, as so defined, includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors in two or more States. The term, as so defined, also includes any committee, association, or organization (other than a duly organized State or local committee of a political party) which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors, whether or not in more than one State, if such committee, association, or organization is a branch or subsidiary of a national committee, association, or organization. (Section 591 of title 18 also defines the term "candidate" to mean an individual whose name is presented for election as Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, whether or not such individual is elected).

The amendment would not change the definitions as outlined under existing law at all. Under the Corrupt Practices Act the existing law defines a committee as affecting only those candidates who are running in two or more States. I thank

the Senator from Washington for raising the question, and will thank him now for his support.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MAGNUSON. Mr. President, I realize that the Senator took the time to check into this matter. That is the trouble with amendments which the committee does not have a chance to look into. There can be many unintended consequences. Under the Senator from Delaware's interpretation, a local candidate, if he were on the same ballot with Federal candidates, would be affected.

Mr. WILLIAMS of Delaware. That is covered by existing law. My amendment is clear enough. Perhaps that is the trouble it is too clear for some.

Mr. MAGNUSON. The law provides that if the candidates are on the same ballot—let us say a Member of Congress, the President of the United States, or the Vice President—the candidates would be covered by the existing law.

Mr. WILLIAMS of Delaware. If the Republican or Democratic State committee of Washington or Delaware were soliciting campaign contributions for the election of a Senator, a Representative, or the President of the United States and included on that ballot were a local candidate, the contributions are all covered. That is the existing law. My amendment would not change that.

If some want this to be different, they had better repeal the Corrupt Practices Act. Those candidates are already covered under the existing law when their names are on a national ballot. I am sure that the State of Washington is living up to the existing law.

Mr. MAGNUSON. I think that we should find out more about this matter. The Senator states that he has found out about it from legislative counsel. However, I have not run this matter down—pinpointed its full ramifications—and I do not think anyone else has. I think the proper body for examining this matter which is subject to so many interpretations to the committee charged by the Senate with this responsibility.

Mr. WILLIAMS of Delaware. It is about time that the Congress acts. This proposal has been studied for the past 5 years.

Mr. MAGNUSON. I was unaware that local candidates were covered under this law, even though they have been on the same ballot.

Mr. WILLIAMS of Delaware. In the consideration of the Voting Rights Act of 1965 an amendment was offered, the so-called clean elections amendment. The Senator from North Carolina [Mr. ERVIN] did a little research on that, and if he were present he could tell us that the present law is designed to affect elections in which any national candidate is on the ballot.

There was specific reference at that time to a situation in Wilmington, Del. The city of Wilmington elects its city council on the national ballot. They are automatically covered under the Voting Rights Act and are subject to the penalties contained in that act.



The same thing would be true in the State of Washington or any other State. That is the present law. If the local candidates are on the ballot with national candidates the local candidates are covered by the same rule laid down under the Corrupt Practices Act.

The State of Washington, the State of Delaware, the city of Takoma, or the city of Wilmington can hold its election at different times, and in that event it would not be affected; that is, assuming there were no national candidates on the ballot.

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have printed at this point in the RECORD section 591 of title 18 of the United States Code, page 3552, which defines what the Senator from Delaware is talking about.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

§ 591. Definitions.

When used in sections 597, 599, 602, 609 and 610 of this title—

The term "election" includes a general or special election, but does not include a primary election or convention of a political party;

The term "candidate" means an individual whose name is presented for election as Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, whether or not such individual is elected;

The term "political committee" includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors (1) in two or more States, or (2) whether or not in more than one State if such committee, association, or organization (other than a duly organized State or local committee of a political party) is a branch or subsidiary of a national committee, association, or organization;

The term "contribution" includes a gift, subscription, loan, advance, or deposit, of money, or anything of value, and includes a contract, promise, or agreement to make a contribution, whether or not legally enforceable;

The term "expenditure" includes a payment, distribution, loan, advance, deposit, or gift, of money, or anything of value, and includes a contract, promise, or agreement to make an expenditure, whether or not legally enforceable;

The term "person" or the term "whoever" includes an individual, partnership, committee, association, corporation, and any other organization or group of persons;

The term "State" includes Territory and possession of the United States. (June 25, 1948, ch. 645, 62 Stat. 719; May 24, 1949, ch. 139, § 9, 63 Stat. 90.)

LEGISLATIVE HISTORY

Reviser's Note.—Based on section 241 (a)—(f), (1) of title 2, U. S. C., 1940 ed., The Congress (Feb. 28, 1925, ch. 368, title III, § 302 (a—f, 1), 43 Stat. 1070).

First paragraph was inserted to indicate sections to which definitions are applicable. Minor changes in phraseology were made.

AMENDMENTS

1949—Act May 24, 1949, omitted from the first par. "and, in the case of a Resident Commissioner from the Philippine Islands, an election by the Philippine Legislature."

CROSS REFERENCES

Contribution, definition of, see section 608 of this title.

Mr. MAGNUSON. Mr. President, I do not see any such definition referring to local candidates, whether they are on the ballot or not.

Mr. WILLIAMS of Delaware. I quoted the Voting Rights Act and section 602 of title 18 of the United States Code.

Mr. MAGNUSON. The section reads:

The term "political committee" includes any committee, association, or organization which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the election of candidates or Presidential and Vice Presidential electors in two or more States, or whether or not in more than one State if such committee, association, or organization (other than a duly organized State or local committee of a political party) is a branch or subsidiary of a national committee, association, or organization.

That is all that I find in the section.

Mr. WILLIAMS of Delaware. That is existing law. This would not change that one iota.

Mr. MAGNUSON. I hope that Senator from Delaware will give every Senator a chance to look into this in more depth. I do not think that it is right to bring the matter up on such short notice without the committee considering the amendment.

The chairman of the committee suggests that the amendment is not germane to the bill.

Mr. WILLIAMS of Delaware. There could not be a more germane bill than one dealing with 2.5 million employees, such as this bill does. The pending bill is as germane a bill as we can get. Let us not start finding excuses for postponing action.

As I told the Senator from Washington, I appreciate his great concern over committee consideration. I merely wish that such concern had prevailed approximately 3 weeks ago when we had a \$400 million cotton subsidy before us. However, that matter was passed in the House and the Senate without any hearings and without anyone having a chance to do anything.

Committee consideration is sometimes a cloak. We do not need to have a committee come back and tell the Senate, "We think there should be a law against anyone soliciting funds on our behalf from civil service employees."

Not a man has defended this practice. All right, if we disapprove let us vote for the amendment.

Mr. MAGNUSON. I am not talking about Members of the Senate at all. I am talking about getting down to all of the thousands of local committees that feel, as a public service, they ought to organize and go out and collect money for a cause, whether there be candidates or not.

Why does the Senator always get back to the Senate or to Members of the Senate?

Mr. WILLIAMS of Delaware. I get back to the Senate because I happen to be a Senator. Those thousands of imaginary local committees are not affected at all.

Mr. MAGNUSON. There is always raised the implication that there are purists around here and that the rest of

the Senators need laws of some kind to govern them.

Mr. WILLIAMS of Delaware. If the Senator from Washington does not like the amendment, that is his privilege.

Mr. MAGNUSON. That is my privilege.

Mr. WILLIAMS of Delaware. But let us keep the record straight—the amendment would not affect the thousands of committees or, as outlined a moment ago, a committee set up to promote a sewer in Washington. The amendment would not affect the sewers of any city. It would affect sewer politics.

The Senator's President, a member of his own political party, has said that this matter needs correction. Let us correct it.

Mr. MAGNUSON. I want to tell the Senator from Delaware that the sewerage business is big business, and a growing political problem, and if we do not do something about it, we will have much more trouble with it than we have with all our other metropolitan problems.

These are some of the most important issues on the ballot today. That has nothing to do with the Senator's term of "sewer politics."

Mr. WILLIAMS of Delaware. Those arguments have nothing to do with the pending amendment. The pending amendment deals with the right of a person representing a political committee—a Republican committee or a Democratic committee—to solicit campaign contributions from Government employees under the civil service system.

Mr. MAGNUSON. I do not disagree with the Senator from Delaware. I did not ask for this job, and neither did Senator MORRIS nor some of the other people on the national committee. I understand you fellows got so desperate that you drafted Bliss. He did not ask for the job.

I believe the people involved in this matter should have an opportunity to discuss it. I know what the Senator from Delaware thinks he means, but sometimes amendments are written in such a way that someone thinks he knows what they mean, but they do not mean that. This is particularly true when amendments are offered in the Senate in conjunction with another bill, without anyone having an opportunity to consider the amendment in depth and to discuss it.

Mr. WILLIAMS of Delaware. The proposed amendment is as clear as any amendment can possibly be.

Mr. President, if the chairman of the committee is not willing to take it—

Mr. MAGNUSON. I once offered some amendments, and the Senator from Delaware put me in my place. The amendments involved the Committee on Finance, and the Senator from Delaware and other Senators said that the matter had not been looked into by the committee. If the Senator from Delaware does not remember that incident, I shall locate it in the CONGRESSIONAL RECORD.

Mr. WILLIAMS of Delaware. The proposed amendment has been looked at for the past several years. It has been talked about a long time. I have re-



ceived many letters from employees about this matter. I have here several articles which have appeared in various newspapers. I read one of these articles which outlines how Federal employees are purchasing tickets on the installment plan. I have a number of articles that have appeared in various newspapers. This practice has been denounced over a period of years.

An article by Jerry Kluttz which appeared in the January 15, 1963, issue of the Washington Post reads as follows:

BUDGET PLAN ADVISED FOR \$100 DINNER  
(By Jerry Kluttz)

Play politics now and pay later is a gimmick being used by the Democratic National Committee to sell \$100 tickets to hard-pressed Federal employees to its Friday dinner here.

The budget payment plan is being suggested to employees who plead financial troubles and say they can't afford the \$100 affair. The minimum is \$10 down and \$10 a month. No interest is charged on the unpaid balance.

But as a career employee remarked after being called by a Democratic worker who urged him to attend the dinner and pay for it later: "If I go, the price I pay later could be my job when the Republicans return to power. But if I don't go, it could cost me a grade promotion which is several hundred dollars a year in higher salary."

Meantime, if a fraction of what employees say is true, officials in a dozen or more agencies are violating the law, either directly or indirectly, by putting the pressure on employees to buy the \$100 tickets on Government time and in Federal buildings. As far as could be determined, no Federal agency has even bothered to investigate the numerous stories of pressure on employees to buy tickets.

Mainly, the indirect approach is used in the belief by officials that it places them on safe legal ground. The arm-twisting gimmick is the cocktail party. A score of such parties are being tossed Friday evening preceding the dinner by top officials who invite their own employees who will attend the dinner.

Employees say flatly that they have been called at their Government offices, on Government time, and told either by phone or in person by superiors that "we're expecting you" (and sometimes "your wife too") at the Secretary's or Administrator's (as the case may be) cocktail party.

This is hardly a subtle approach. The parties are limited to those who buy the \$100 tickets.

A highly respected Federal attorney who has handled many cases involving Government employees yesterday denounced the cocktail party gimmick as wrong and unethical. He expressed the belief that a court would hold that an employee was subjected to coercion if he attends his agency's cocktail party and buys a \$100 ticket against his better judgment.

"It's just like reaching into a fellow's pockets and taking \$100," the legal expert commented acidly, and continued: "this practice should be stopped before the public service is badly damaged by it."

There are also reports of meetings being held in Federal buildings on Government time to discuss ticket sales and what can be done to prevail upon more employees to buy them. Some officials have been told that the employees in their agency have bought only half a dozen tickets while those in another bureau of comparable size have purchased 25 or more.

Meantime, a corporation representative here expressed the opinion that Federal workers were being subjected to an unusual

amount of pressure this year to buy tickets because many companies can no longer do it and charge the expense off against Federal income taxes under the new expense account regulations.

He explained that his and many other companies had refused to buy the usual \$1,200 table this year.

In the past, it was common practice for a company to buy one or more tables and give the tickets to friendly Members of Congress who would distribute them to friends and political supporters and take credit for the sales. Company representatives here say they have rejected numerous overtures from Capitol Hill to continue the practice because of the expense account rules.

Federal officials and employees alike say they realize that any political party must have money to finance operations but they wonder if tactics used by the Democratic National Committee and the Kennedy Administration are proper and the best that can be devised.

A Democratic official said yesterday that the Party had taken precautions to operate within the law. He said phone directories were secured from a number of Federal agencies and that they were used to look up home addresses and to send invitations to the \$100 dinner to employees at them.

He also said some follow up phone calls were made to employees at their homes by Committee workers to urge them to attend the dinner. He said he had no knowledge of pressure on employees by their agencies to buy tickets. "I hope every ticket is purchased voluntarily," he added.

Another person with a background of political fund-raising expressed the view that more than half a dozen eager-beaver Federal officials who are trying to make a big name for themselves in the eyes of the Democratic National Committee are causing all the trouble.

The question is, do Senators desire to do something about this matter or just talk about it? If they do let us act today. If not then tell the employees that this administration is not going to do anything but talk about it. The rejection of this amendment is notice that the employees can legally be solicited by representatives of the political parties and that the Great Society will not do anything about it.

The proposed amendment does not change the rules one iota as to a definition of "committees." It does not change the definition of "contributions" or the definition of "solicitations." It merely states that representatives of these committees cannot do that which the Senator from Washington and I are now prohibited from doing.

Mr. MAGNUSON. I believe the Senator from Delaware is becoming mixed up with all the thousands of local committees. I believe the Federal employee is an intelligent fellow. If he does not wish to contribute to a candidate in Dover, he will not.

Mr. WILLIAMS of Delaware. I am not mixed up at all. A candidate in Dover is not affected under the proposed amendment nor is the postmaster at Dover if he wishes to support a candidate in Dover for mayor or for the city council. Besides let me worry about Dover.

Mr. MAGNUSON. If he is on the same ballot with someone who runs for Federal office, he is —

Mr. WILLIAMS of Delaware. That is provided for under existing law. That is

the situation under the Corrupt Practices Act.

Mr. MAGNUSON. That is what the Senator from Delaware says, but I have not had an opportunity to look at the amendment.

Mr. WILLIAMS of Delaware. Surely the Senator is familiar with existing law. In any event, the proposed amendment would not change the existing law one iota on that point.

Mr. MAGNUSON. Why should the matter not be taken to a committee and discussed? I shall vote with the Senator from Delaware, if that is what the amendment would do.

Mr. WILLIAMS of Delaware. That is all the amendment does; why postpone action? It is time to vote for it now when the pending bill is being passed for Federal employees.

Mr. President, is the Chairman willing to accept the proposed amendment?

(At this point Mr. BURDICK assumed the chair as the Presiding Officer.)

Mr. BAYH. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. BAYH. I do not intend to become embroiled in this enlightening discussion between the Senator from Delaware and the Senator from Washington. However, I had the privilege of presiding while the discussion was taking place, and I recalled that some of my staff members and I this year received solicitations for funds from the Republican Party. I do not know how that came to pass. But, inasmuch as no doubt both political parties use mailing lists to some degree to solicit funds from citizens across the board, would this type of solicitation, not from an elected officer—which was plainly stated—but from a member who is an employee of the Federal Government, who has solicited, on an across-the-board at random basis, come under the confines of the proposed amendment?

Mr. WILLIAMS of Delaware. If those solicitations are made by a salaried employee of the U.S. Government the existing law covers that. The proposed amendment would apply the same restriction if the solicitations were made by a representative of a salaried official, candidate, or a political committee.

Mr. BAYH. Then, the answer to my question is "Yes"?

Mr. WILLIAMS of Delaware. Yes. And why should it not be prohibited?

Mr. BAYH. The reason why I wonder about the wisdom of it is simply that the Senator from Delaware is concerned about coercion—and the Senator from Indiana is concerned about coercion—in the solicitation of campaign funds.

Most Members of Congress—at least many of them, and I put myself in this category—unfortunately are not financially endowed to the point that they are not required to solicit on a rather broad basis from friends who are willing to support them in the interests of good government. There does not seem to be any likelihood that I will ever get out of that category, and I am not inclined to pressure anyone for whom I have done a favor, nor do I wish to hold out a promise, in order to get a campaign con-



tribution. I refuse to do that, the Senator from Delaware refuses to do that, and all other 98 Senators refuse to do that.

However, I fail to see what type of coercion is involved when the political committee of the Senator from Delaware, or a political committee in my State of Indiana, takes a list of everyone residing in a particular county and sends a card through the mail asking for a contribution. There does not appear to me to be any coercion involved in this type of solicitation.

Mr. WILLIAMS of Delaware. The proposed amendment does not redefine the word "solicitation"; it leaves it the same as present law.

With all due respect to the Senator from Indiana and the Senator from Delaware, if the only way either of us can stay in the Senate is to solicit our campaign contributions from civil service employees we both ought to be kicked out.

The definition of a "solicitation" is not changed. The definition of "committees" would not be changed. On that point the proposed amendment merely repeats the existing law. The proposed amendment does provide that representatives of political committees cannot solicit political contributions from civil service employees.

This indefensible method of solicitation has been practiced by both political parties. I am not singling out one party. I have read employees letters that were written under the administration of both political parties. I do not intend to argue about which party has violated this rule the most. It has been done, and I do not believe any Member of the Senate will defend it. But the time has come to stop it. It is a bad practice.

I read an article dated May 28, 1964, which appeared in the Washington Post, written by Mr. Jerry Klutetz, outlining this evil.

#### PROMOTION OF GALA FOR JOHNSON LEAVES TAINT OF PRESSURE

(By Jerry Klutetz)

The Democratic gala is over but the political taint from it lingers on in Federal offices here.

There isn't much doubt that Tuesday night's \$100 Democratic fund-raising Salute to President Johnson was actively promoted in Federal offices in violation of the spirit if not the letter of the law which makes it illegal to solicit political funds on Federal property.

In the past the State Department with its large body of professional Foreign Service personnel was by-passed by political fund raisers. But things have changed and scores of higher-paid employees there were sent invitations to the gala at their offices.

The employees charge that the Protocol Office there not only distributed the invitations, an apparent violation of law, but also made calls to jog them into responding to them. This is the story of one of the employees:

"About two weeks ago a mysterious-looking letter was hand-delivered to my office in the State Department . . . Inside was an invitation to the gala honoring President Johnson.

"Monday the Protocol Office called to ask if I were going to the gala . . . On inquiring of some of my colleagues, I found that they, too, had received hand-written, hand-delivered invitations at their offices as well as solicitous calls from the Protocol Office.

There was more than a little consternation in the minds of many of them.

" . . . I'm at a loss to explain why the invitation was a matter of Protocol . . . but the incident has begun to worry me. Lots of timid souls clearly attended the gala for fear that some of their colleagues, who are dependent on political patronage for their jobs, will record the fact and remind any and all who might be interested.

"This may be okay for Assistant Secretaries or even Deputy Assistant Secretaries but for those who are supposedly part of the Civil Service and Foreign Service this potential for al-fresco blackmail is a serious business.

"I am sure the President wants a Civil Service and a Foreign Service which will give him, through his appointees, the best professional advice possible, without fear or favor. After all, one of the hardest problems of being President is making the bureaucracy work effectively for the program of his Administration.

"Those who were in charge of issuing invitations didn't help the President. Somebody ought to tell him."

Representative NELSEN (R-Minn.) charged on the House floor that topgrade employees in Rural Electrification were asked to buy \$100 tickets in their offices. Senator WILLIAMS (R-Del.) is sponsoring a resolution to direct the Attorney General to investigate the charges.

Employees in Small Business, Housing & Home Finance, Office of Emergency Planning and Post Office among others have called to say they were "invited" to attend the gala by either phone calls or personal contacts at their offices.

In most cases they say they were asked to attend cocktail parties which were held prior to the gala and given by agency heads. Those who attended the parties were expected to attend the gala.

A postal official commented yesterday that he had never seen employees "so eager to buy the \$100 tickets and he added that he had heard no one in the Department complain about the pressure.

"Pressure wasn't necessary to sell the tickets this year," he explained, "the employees bought them willingly because I suspect they feel that Mr. Johnson will be around for awhile."

A Commerce official said the "educational" approach was used to sell tickets to employees there. He simply said that employees in the top grades were given the "opportunity" to contribute to the party of his choice and he expressed the personal belief that those who could afford it should contribute to help sustain the two-party system. He also said no pressure was necessary to sell \$100 tickets to the gala.

Complaints from employees who charged that their arms were twisted to buy tickets were far fewer than last year. Two reasons were cited for the slump in complaints. First, that employees were getting accustomed to the pressure, and secondly, tickets sold better this year as many business firms bought them.

If this practice is to be stopped this is the time. Under the existing law if the civil service employee who is quoted here were solicited by a Member of Congress or by any salaried official of the U.S. Government it would be a violation of the law. The article does not say that he was solicited in that manner but that they were solicited by a representative of a political party. The proposed amendment would cover such representative of any political party or committee.

Although this incident involved a Democratic dinner the same situation has arisen involving Republican dinners.

This is not written for one party or the other. It lays down the same ground rules for both. The definition of a political committee under this amendment is exactly the same as is now written in the Corrupt Practices Act. It does not change it one iota.

(At this point Mr. KENNEDY of Massachusetts assumed the chair.)

Mr. BAYH. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. BAYH. I did not mean by anything that I said to give the inference that one political party had certain sins that do not belong to the other. All persons and organizations have their shortcomings. But the parties are anxious to shore up those shortcomings which might exist.

However, if we are going to adopt an amendment like this, it is important to know what is in it and what its effects will be.

When we come to the language "directly or indirectly solicits," this would appear to mean that any one who gets a large mailing list and sends out requests based on that mailing list would be included if there happens to be a Federal employee among the names. It would also apply to one who engages a group of party members to go block by block to contribute dollars for Democrats or contribute dollars for Republicans—but you do not buy much influence in this fashion. Anyone who does this would come under the penalty of \$5,000 or imprisonment for not more than 3 years.

I do not believe that this is what the Senator from Delaware wants but I do not see any other definition or any other result, or how one can escape those results.

Mr. WILLIAMS of Delaware. The Senator from Indiana is only reading the existing law.

Mr. BAYH. Oh, no.

Mr. WILLIAMS of Delaware. Yes.

Mr. BAYH. The Senator from Delaware says that existing law applies to Government employees?

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. BAYH. I am talking about Democratic or Republican leaders in a community who get together 100 party officials—not employees but party officials—and send them out block by block, or who says, "Sit down here and send these cards out en masse to 10,000 people in this county."

Mr. WILLIAMS of Delaware. Let us not confuse this with a lot of camouflage. The amendment is clear enough.

Mr. BAYH. I am not covering it up by a lot of camouflage. What does the Senator mean by "covering it up with a lot of camouflage"? The language of his amendment seems to me to state this. The Senator should read it.

Mr. WILLIAMS of Delaware. I shall again read the existing law.

Mr. BAYH. I am not worried about the existing law. The Senator desires to change the existing law.

Mr. WILLIAMS of Delaware. Mr. President, I have the floor?

Mr. BAYH. The Senator yielded to me.



Mr. WILLIAMS of Delaware. But I did not yield the floor. I wish to read the existing law for the special enlightenment of the Senator from Indiana.

The existing law reads:

§ 602. Solicitation of political contributions.

Whoever, being a Senator or Representative in, or Delegate or Resident Commissioner to, or a candidate for Congress, or individual elected as, Senator, Representative, Delegate, or Resident Commissioner, or an officer or employee of the United States or any department or agency thereof, or a person receiving any salary or compensation for services from money derived from the Treasury of the United States, directly or indirectly solicits, receives, or is in any manner concerned in soliciting or receiving any assessment, subscription, or contribution for any political purpose whatever, from any other such officer, employee, or person, shall be fined not more than \$5,000 or imprisoned not more than three years or both. (June 25, 1948, ch. 645, 62 Stat. 722.)

I now read the language under the proposed amendment, and all that this amendment would do would be to add a new section prescribing the same criminal penalties to any person acting on behalf of a political committee who "directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States."

That is the part that the Senator read before.

The existing law is applicable to salaried employees of the Government, but the existing law does not cover the situation if that salaried employee of the Government seeks out nonemployees of the Government to do his dirty work or solicit from civil service employees.

Mr. BAYH. Mr. President, will the Senator yield, please?

Mr. WILLIAMS of Delaware. I yield.

Mr. BAYH. We are all trying to get rid of dirty work. But we want to make certain that we do not throw out the baby with the bath water.

Suppose he formed a "JOHN WILLIAMS for Senate Committee."

Mr. WILLIAMS of Delaware. He would come under the amendment.

Mr. BAYH. May I ask the question? I think the Senator has answered it; but I wish to make sure.

I will make it the "BIRCH BAYH for Senate Committee." We get 100 volunteers, using the language of the Senator, acting on behalf of this committee; each person takes a five-block area and they go down that five-block area asking for a "buck for BAYH." Now, if they indirectly solicit in any matter someone who works for the Federal Government, it seems to me, according to the language here—not camouflage—they subject themselves to a fine of \$5,000 or imprisonment for not more than 3 years, or both.

Mr. WILLIAMS of Delaware. I wish to say this now so that there will be no misunderstanding. If the committee is formed in the State of Delaware to elect JOHN WILLIAMS for the Senate or if a committee is formed in the State of Indiana to elect BIRCH BAYH for the Senate,

those committees or representatives of those committees would be covered under this amendment and barred from soliciting civil service employees for campaign contributions and why should they not be covered?

If Senators do not want them covered they should vote against the amendment because its adoption would stop a representative of any committee, Democrat or Republican, from soliciting funds from civil service employees for candidates who are running in two or more States. If Senators do not wish to correct this loophole they might as well reject the amendment.

Mr. BAYH. So that we may move on, I believe the distinction is there. It has been explained by the Senator from Delaware.

The present law prohibits those who are employees of the Federal Government from soliciting. The Senator would include in his amendment every Tom, Dick, and Harry or advocate of good government who wants to get out and support his candidate by collecting funds. He would prohibit them from doing this. He would include the little old lady who wants to go out with a tin cup from door to door, and who has no influence or impact at all. The Senator from Delaware, whether he desires that or not, prohibits them from having this opportunity.

Mr. WILLIAMS of Delaware. I can assure the Senator that this may hurt the tincup politician. There is the rule of commonsense in the law, and with respect to the solicitation of the dollar from each house, I doubt if that would be covered if done by someone who did not know he was a civil service employee.

The Senator from Indiana [Mr. BAYH] knows what we are talking about here. Let us stop hedging.

Mr. BAYH. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I have two articles here which appeared in the Washington Star of June 23, 1965, which I shall read. They state the case very well:

[From the Washington (D.C.) Evening Star, June 23, 1965]

#### WORKER PRODDED ON \$100 TICKET, WIFE COMPLAINS

The wife of a top Civil Service grade employee at the Office of Emergency Planning called The Star this morning to complain that her husband had been asked by his boss to buy a \$100 ticket to tomorrow's Democratic dinner.

"He was told," the irate wife said, "that the White House is displeased with the number of tickets purchased so far"—by OEP employees.

The wife said she would not give her name in order to protect her husband. "I know they wouldn't fire him," she stated, "but they could easily abolish his job."

Early this afternoon, Emet F. Riordan, OEP director of information, released a statement which said: "There is no solicitation of any kind within the agency for ticket buying."

#### MONEY AND POLITICS: DEMOCRATIC DINNER APPEARS A SELLOUT (By Walter Pincus)

Tomorrow night's \$100-a-plate Democratic Congressional fund-raising dinner appears to be a solid success—the promoters have

booked an overflow dinner crowd of 2,875 into the Washington Hilton Hotel on top of about 5,500 that are now expected at the D.C. Armory.

The apparent sale of 8,000 or more tickets came despite a reported falloff of purchases by federal workers. A survey of government workers indicates the sales effort toward them was less intense this year and was limited primarily to home mailings to lists of last year's donors.

"It was a light touch, nothing like last year," one aide to a Cabinet member said yesterday. Another added that plans for and in-house solicitation had been dropped three weeks ago.

Though both President Johnson and Vice President Hubert H. Humphrey are expected to appear at both affairs, the real money draw has been a nationwide solicitation of small business, labor and corporate contributors both directly from Washington and indirectly through individual representatives and senators.

The fact that this is being billed as Washington's only Democratic party fund-raising dinner this year has been impressed on the representatives of the various lobbying organizations and other interest groups in Washington.

The bulk of the money raised, after expenses, will go to support Democratic candidates in the 1966 House and Senate races.

Success of this year's ticket sales assured promoters of the dinner that net receipts will surpass last year's dinner which yielded \$400,000 to be divided by the Senate and House Democratic Campaign Committees.

It also guaranteed that the Democrats would be well on their way toward amassing a record campaign-fund kitty to be disbursed among House and Senate candidates next year.

Though the solicitation effort is being run from Democratic National Committee headquarters under the over-all direction guide, its all being handled in the name of a specially formed group—the Democratic Congressional Dinner Committee.

Use of this organization will permit the Democrats to take advantage of a campaign fund law loophole and not report the names of those who actually paid \$100 or more for tickets—contributions that are normally required to be disclosed under federal law. Political committees, such as the dinner unit, that receive and spend their money within the District are exempt from reporting.

Chairman of the Congressional Dinner Committee is Neil Curry, California trucking executive and long-time party fund-raiser. Curry last year acted as treasurer of the \$1,000-A-Member President's Club. He also has played a key role in encouraging trucking firm owners and operators around the country to contribute to the party and its candidates.

The purchase of 16 full-page advertisements by truckers in last year's Democratic Convention program at \$15,000 a page was reportedly promoted primarily by Curry.

Despite the lack of hard-sell techniques on government employees, there will be a round of federal agency cocktail parties before the dinner. However, they apparently will be fewer in number and smaller in size than those which preceded last year's Democratic gala.

There also, reportedly, has been less in-house calling to ask if employees were planning to attend their bosses' parties.

Health, Education and Welfare employees will gather at the Skyline Inn tomorrow night. At the Presidential Arms, between 1,000 and 1,500 government workers from five agencies, including the Commerce Department, are expected.

Some Post Office Department employees and officials, along with a number of Congressmen, are to attend a pre-dinner gather-



ing sponsored by the National Association of Postmasters of the U.S., a private organization that has purchased tickets and distributed some to its guests.

D.C. Transit buses will carry the government employees from their cocktail parties to the armory. Though, for the most part, top agency officials pay for pre-dinner parties out of their own pockets, the Democratic National Committee has arranged for the bus transportation. But party officials last night could not say who would pay for the buses.

The Democrats apparently have not spared expense to make the dinner a success. One estimate put the cost of each meal—including service—at from \$12 to \$15 a plate.

The Mayflower Hotel, which is catering the armory affair, refused yesterday to give any information on the dinner—from the number expected to be served to the name of the main course.

Decorations for the armory, which were described by someone involved in their preparation as "the biggest the Democrats ever had for a dinner," are expected to cost about \$20,000.

Democratic party finances are a closely guarded operation. According to records filed with the Clerk of the House, some \$900,000 has been contributed to the party in the first five months of 1965. All but \$75,000 of that amount came from \$1,000-and-up contributors.

The Republican party, on the other hand, reported that during the same period it collected almost \$800,000 of which over 75 percent came from contributors of less than \$100.

To stimulate small contributors, the Democrats have begun a contest aimed at \$10 givers. Though it is not expected to draw much in the way of money, it will create the impression that the party is seeking to encourage the small donor.

The amendment would stop this type of soliciting from the civil service employees. It should be stopped. Those who believe it should not be stopped, if they believe civil service workers should be solicited under the Hatch Act as now interpreted, may vote against it.

The issue is clear.

Mr. President, I ask unanimous consent to have printed in the RECORD a series of articles which have been published over the last few years in various Washington newspapers criticizing this practice, followed by excerpts from a series of letters written by many civil service employees protesting this solicitation which they interpret to be in the form of a shakedown. Copies of these letters were sent to President Johnson May 18, 1964, by Congressman ANCHER NELSEN.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington (D.C.) Evening Star, Jan. 18, 1963]

#### EMPLOYEE GROUPS' SILENCE VIEWED AS STRANGE IN \$100 TICKET PRESSURE

(By Joseph Young)

Perhaps the strangest aspect of the entire spectacle of unashamed Democratic pressure on Government career employees to attend tonight's \$100-a-ticket gala is the complete silence of Government employee unions and the National Civil Service League on the matter.

Not a peep has been heard from any of the major unions or the non-partisan league, which came into being 80 years ago to uphold the merit system, since this reporter and The Star on December 6 first disclosed the pressure on career employees to purchase the \$100 tickets.

The employee leaders appear too intent on such unattainable pie-in-the-sky objectives as a 35-hour work week, etc., to bother with the unprecedented pressure on career employees by the Democratic National Committee and officials of the Kennedy administration, only the recently formed National Society of Federal Engineers, Scientists and Allied Professionals have criticized the goings-on.

The unions' excuse is that not many career employees in the upper-middle and top grades are members of their organizations, and hence they don't want to get into the fray. The long-range adverse implications on the merit system seem to escape them.

The silence of the National Civil Service League is even more puzzling. The main purpose of the non-partisan business-supported league is ostensibly to protect and support the merit system.

The failure of Government employee unions to protest the situation may stem from the close relationship the groups have with the Kennedy administration, and their reluctance to do anything to endanger this alliance. Under President Kennedy, the unions have won formal bargaining rights, pay adjustments, support for a union dues checkoff, etc.

Another reason may be the unionists' indifference to groups of career employees who generally aren't found in their memberships.

This could be very shortsighted on the part of the unions.

The Kennedy administration won't last forever, and the next administration—if it is Republican—isn't likely to forget how the unions backed the Democrats by their silence.

This year's pressure was put on grade 12 and above career employees. Next year the pressure could be put on employees in grade 9 and above, and on even lower grade employees in the years ahead. The Kennedy administration is not bashful in telling employees it is responsible for their latest pay raise and the upcoming one next year, and probably doesn't have many qualms in "selling" \$100 tickets to as many career employees as the traffic will bear.

As for the Civil Service Commission's silence until now on the situation, this is rather understandable. CSC officials privately are most unhappy over the situation. But there are only two men in Government who could have done something to stop it—President Kennedy and his brother, Attorney General Robert Kennedy, who could have ordered such practices stopped on threat of Justice Department prosecution under the Corrupt Practices Act. Under the circumstances, the CSC could do little but remain silent.

Meanwhile, the performers at tonight's gala—stellar stars though some of them may be—will have to be extra good to get any kind of ovation from the many Federal career employees who have reluctantly shelled out their \$100 to attend. And without Frank Sinatra yet.

[From the Washington (D.C.) Evening Star, May 26, 1964]

#### MONEY AND POLITICS: DEMOCRATS EXPECT TO GROSS OVER \$3 MILLION THIS WEEK

(By Walter Pincus)

"It can be a real help to your company." That was the closing line of a sales pitch made last week by a solicitor for tonight's \$1,000-a-plate Democratic Party President's Club dinner to the Washington representatives of a national corporation.

The dinner at the International Inn and the subsequent Salute-to-President Johnson Gala at D.C. Armory, combined with two dinners and another gala at New York City's Madison Square Garden Thursday night, should gross over \$3 million for party coffers.

Solicitors have been active in the past two months selling everything from \$1,000 memberships in the President's Club to the \$5 balcony New York gala tickets.

#### HOW TICKETS ARE SOLD

A party spokesman estimated that more than 500 tickets, at \$1,000 each, have already been sold for tonight's dinner, while a crowd of between 7,000 and 8,000 at \$100 a ticket is expected at the Armory.

The President's Club dinner in New York Thursday is expected to draw 1,000 persons at \$1,000 each—making it the first publicly-reported \$1 million dinner in campaign fund-raising history.

How are the \$1,000 tickets sold in Washington? Many of them go to old party contributors whose names regularly grace such lists.

To get the hesitant new big money men, one sales pitch last week included:

Assurance that the \$1,000 membership in the President's Club would put the donor's name on a list of those to be considered for invitations to White House social functions.

An understanding that the donor's name would be on a list seen by the President.

A statement that a personal letter would be sent the donor from Democratic Party Finance Chairman Richard Maguire stating that the gift was appreciated and the Democratic National Committee was available for assistance if such help was needed.

#### CONTROVERSIAL SOLICITATION

And finally, that the funds can originate from any source—so long as someone's name is attached to the \$1,000 when it arrives at the national committee.

The most controversial solicitation attached to tonight's gala is that of Government employees. Both parties, when in power, have solicited top civil servants by mail. Democrats recall that at each Salute-to-Eisenhower dinner there was an announcement listing the number of tickets sold in each executive department.

Since 1962, the Democrats have made a strong effort to get those Federal employees who were appointed to their positions—so-called Schedule C jobs—to buy \$100 tickets each year to one major party function.

#### 1,440 C POSITIONS

Currently, there are about 1,440 Schedule C positions of which, according to a Civil Service spokesman, about 80 per cent are filled. Some 400 of the persons holding down these jobs, however, are regular Civil Service and not political appointees.

However, the pressure on employees to buy the \$100 ducats is not limited to those under Schedule C. Regular civil service employees in grades 11 and above in many agencies have received mailed "invitations" and follow-up telephone calls and direct appeals from their bosses to attend the affair.

Winking at the Federal laws that prohibit solicitation of Federal employees in Federal buildings, the Democratic National Committee has designated sales co-ordinators in each executive agency. Quotas have been established normally based on the number of Schedule C positions in a given department, combined with a 10 per cent increase over the past year's ticket purchases.

#### SOLICITATION EVIDENT

In 1962, the Democratic National Committee filed its report with the Clerk of the House listing contributions received chronologically. By cross-checking names it was possible to see blocks of ticket-purchases as they came in from various departments—a clear indication that solicitation was made and contributions received within the department.

For example, on January 18, 1962, seventeen \$100 contributions in a row were recorded for top officials of the Defense Department. On January 12, of that year, twenty-five \$100 contributions in a row were recorded for upper-level Agriculture Department officials.

One Agriculture Department employee who contributed said he was solicited by his division chief who indicated a 10-ticket quota had been given him.



Since 1962, the Democrats have shuffled their contributors in reporting to the House Clerk and it is no longer feasible to determine how contributions are received at the National Committee.

This year, the dinner promoters have taken to marking the solicitation cards distributed to the executive departments with a number so that when the contributions come in directly to the committee they can easily be traced to the department of origin and credited to that department's quota.

In justifying their approach to Schedule C employees, one Democratic contributor said, "They had no hesitancy in seeking political support when they went for their jobs; they shouldn't complain now when they have to pay for that support."

In New York City, three events Thursday night, all run by the city's President's Club, are expected to raise almost \$2 million. Headed by United Artists President Arthur Krim, the New York fund-raising group has become highly active in national party affairs.

Complementing the \$1,000 President's Club dinner is a \$100-a-plate affair for a new group known as the senior club's Associates Division. Promoted among younger New York Democrats, this group has already held a pep rally with White House aide Bill Moyers as speaker.

Solicitors have fanned out, making their appeal particularly among young lawyers who might some day want jobs in Washington. In more than one case, a ticket purchaser was told his name would go on a list that would be consulted when applicants were being cleared for political jobs next January.

Spiced with this type of sales appeal, the Associates dinner has steadily grown to where some 1,300 are now expected to crowd the ballroom to the Americana Hotel.

The Madison Square Garden re-run of tonight's gala is expected to draw 17,500 with the bulk of the tickets purchased and distributed to regular party organization workers.

Not all the money raised in New York goes to the national campaign effort. The New York State Democratic organization is seeking some of the funds to help defray its coming State campaign expenses and to meet some of the debts that have been run up over the past years. Though the National Committee under President Kennedy reportedly demanded and received \$300,000 of the first \$400,000 cleared in 1962, plus half the remainder, no such agreement on fund division has yet been reached.

Number One. An REA employee received a letter at home inviting him to contribute \$100 to the Democratic party shortly before the 1961 inaugural. When he failed to respond to the letter and to telephone calls, he was summoned to the office of the deputy administrator. Here is his story:

"The deputy administrator made the appointment at 3 p.m. during a regular working day. He reviewed the salary situation and my then recent appointment to the power supply division, implying that my salary, the then new congressional wage scale and civil service grade classification were solely due to the efforts of the administrator, the Secretary of Agriculture and the administration, and further, that out of gratitude I should financially support the party with a cash contribution of \$100. A ticket was then taken from a drawer in his desk and offered. I was advised that if necessary I could buy it on the installment plan. I replied that I had worked for REA for 24 years and never publicly affiliated myself with either political party, and wasn't about to break that precedent. I thought I had earned my salary and would continue to work faithfully and conscientiously up to the limit of my ability."

Number Two. Another REA employee reports this to me:

"Received in my mail a one hundred dollar 'request to attend the second inaugural salute dinner.' Frankly, I am experiencing more than a slow deep burn deep down inside. . . . Let's examine this latest attempt by the Democratic National Committee to extract extortion from civil service employees. It is a fact and can be proved that the deputy administrator and one of the assistant administrators called practically all employees GS-13 and above to their offices and personally handed them the invitations with a not subtle request to attend. Take note, this was a direct violation of the Hatch Act since this solicitation occurred in their offices. There were many grumbings among those good Democrats because of the way in which this was handled, and, surprisingly, some of them had the courage to turn this invitation down. One employee who has been here since the agency started stated that in all the years he had never been called to kick in. This is a top employee."

Number Three. And, to demonstrate that the practice goes on, here is one that came to me just a few days ago:

"For your information, the same two people are doing the same things they have done here since 1961. Again they are calling employees GS-13 and up to their offices, handing them the invitations and accepting their checks for \$100—right here in a federal building."

Mr. BAYH. Mr. President, a moment ago, I promised not to labor this point any further, but after listening to the fine presentation of the Senator from Delaware, I ask my colleagues to forgive me for making one further comment.

The examples, as I interpret them, in connection with the newspaper articles which the Senator has placed in the *RECORD*, show that they are already existing violations of law. He has said many times that department heads or employees of the Federal Government—and in my estimation, I think that I speak for my colleagues—cannot and should not be permitted to put the "hammerlock" on someone working under him to get him to contribute to a political party. But whether we like what the amendment proposes or not, whether we talk about "reasonable interpretation" or not, I think that to get at whatever the Senator is after, he should use more precise language.

For instance, the amendment uses the phrases "Whoever, acting on behalf" of any political committee and "who directly or indirectly" solicits funds would be covered. The solicitor would not have to know whether a person is a Government employee or not. He might just accidentally encounter him, according to the wording in this language. "In any manner concerned" is another phrase in the amendment. Any member acting for a political committee, directly or indirectly, "in any manner concerned in soliciting," would be subject to penalties provided by the law.

If perchance solicitors should encounter someone who works for the Federal Government, that employee immediately becomes subject to a \$5,000 fine or imprisonment for not more than 3 years, or both.

This seems to be a reasonable interpretation of the present language of the amendment. If the Senator from Delaware has other language to accomplish

what he is striving to do, which could exclude these people who I think would be inadvertently encompassed within the confines of this amendment, I would support him.

Mr. WILLIAMS of Delaware. The words "directly or indirectly solicits" are in the existing law. My amendment repeats existing law. As to the example the Senator pointed out that existing law now prohibits the head of an agency from soliciting the employee in his department or any other department for political contributions and that such action would be a violation of existing law, on that point he is correct. But under existing law the head of that agency can take this list of his employees, give it to a man outside the Government, and send him out to do the soliciting; that is not prohibited under existing law. My amendment would state that anyone who is acting on behalf of that public official or political committee would be covered, and I think the amendment should be adopted.

Mr. MONRONEY. Mr. President, will the Senator from Delaware yield for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. MONRONEY. I am puzzled as to exactly what the Senator means in the language:

Whoever, acting on behalf of any political committee (including any State or local committee of a political party), directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for these of such political committee or for any political purpose whatever from any officer or employee of the United States (other than an elected officer) shall be fined not more than \$5,000 or imprisoned not more than 3 years, or both.

In most States, it is customary to pay to secure mailing lists of voters in certain precincts and certain wards. Letters are sent out, and fortunately, I think the law is drafted so that responsible Federal officials, particularly, Senators and Representatives know what the law is, and they will not write, do not choose to write, and do not care to write for a list that might involve perhaps one out of every four people on that registration list to receive mail asking for \$1, \$5, or \$10 in campaign funds from a large block of people who may want to participate in politics, or support a political candidate or political party. This applies to primaries and also to general elections. I think it is very much better to have 1,000 people contributing a few dollars than to have a few people contributing \$1,000 to a man's campaign.

The only way these small amounts will be raised will be done, as the Senator from Indiana [Mr. BAYH] has stated, by volunteers, by those who take an interest because they like politics and are willing to work at the level at which they may have to sell perhaps buttons, or perhaps tickets to a banquet, or other things of that kind. We have absolutely prohibited, with a \$5,000 fine or 3 years imprisonment, any elective official or any employee of this great Government to participate in reaching or threatening any civil service employee, or give him an intelligence examination requiring him to have a certain IQ in or-



der to pass. Certainly a Federal employee does not have to be intimidated or coerced or driven like sheep to be clipped for campaign expenditures. I do not know of any group in my State which is avoided as much as are Federal employees in campaign solicitations. Certainly, those who belong to the employee unions, I imagine they contribute but I do not know exactly how the unions do contribute vis-a-vis the two parties. This is not covered by the amendment of the Senator from Delaware. I also do not think that many other means of raising finances are covered. I do not think the Senator is getting at what he is trying to do. I think the bill, which would prohibit any Federal employee from asking any civil service employee or any other employee of the U.S. Government for a contribution, is effective, broad, and complete. I do not know what the Senator means by the definition of "any officer or employee of the United States." This could include servicemen. Of course, I hope that it would not, because I do not feel that they should be asked to contribute. Does it involve only civil service employees? The bill does not speak on that. Would the Senator kindly advise me?

Mr. WILLIAMS of Delaware. The language which the Senator read as being confusing to him in my amendment is verbatim of the language that is existing law now. I am not changing existing law. I only propose to add another section.

Mr. MONRONEY. Let me say to the Senator that Representatives, Senators, and employees have sense enough to know not to fool around with that. Therefore, this does not apply, because no one is going out to try to solicit.

Mr. WILLIAMS of Delaware. What about the man representing an official in an agency? He could take the list of the names of civil service employees and start talking to them on the official's behalf. So far as confusing this with mass mailing lists which go out where people have no way of knowing if they are civil service employees or not, that is not mentioned under either. Existing law states that a salaried official cannot solicit civil service employees as such.

The amendment would add a new section to this to prohibit a representative of a political committee or a representative of the public official from making the solicitation on his behalf.

Mr. MONRONEY. It does not say "as such."

Mr. BAYH. It says "in any manner concerned in soliciting"——

Mr. WILLIAMS of Delaware. Surely. Why not?

Mr. BAYH. Anyone can represent a political party to solicit money. If that does not encompass a mail order list, then I do not know what would.

Mr. WILLIAMS of Delaware. If I may read it again:

Anyone who solicits or is in any manner concerned in soliciting or receiving, any assessment, subscription, or contribution for any political purpose whatever from any other such officer, employee, or person. . . .

Mr. MONRONEY. I cannot find that language, because the Senator's language says nothing about "existing."

Mr. WILLIAMS of Delaware. I am reading existing law. That is exactly the same definition as is in the pending amendment.

Mr. MONRONEY. Except "receiving." I do not find "receiving." I see nothing in here about "receiving." What I see is "soliciting."

I think the amendment offers a wide opportunity for blackmail on the part of someone who may say, "I represent Senator so-and-so. I have been told to call on you to get \$10. If you do not give it, you will suffer the consequences of not being promoted"; or something like that.

The burden of proof lies with the candidate, then, to say, "I have never seen this man before. I do not know him or anything about him."

The language is so broad:

Whoever, acting on behalf of any political committee (including any State or local committee of a political party), directly or indirectly solicits, or is in any manner concerned in soliciting, any assessment, subscription, or contribution for the use of such political committee or for any political purpose whatever from any officer or employee of the United States (other than an elected officer) shall be fined not more than \$5,000 or imprisoned not more than three years, or both.

It does not say anything about receiving; it does not say anything acting responsibly in the employ of a Representative or a Senator or an officer of the third ward branch of a State party committee. It states no qualifications whatever.

The amendment is proposed without its having received any committee hearings or any testimony whatever.

I certainly hope we shall be able to pass legislation—and I intend to vote for it, as I have voted for all similar legislation, including the Hatch Act—to provide for clean elections. But I do not want to rush in without notice or committee hearings on an amendment that is not germane to the bill before the Senate, a bill which relates to better retirement. I do not believe we should vote on an amendment such as this on such short notice. We had not 1 minute's notice that this proposal was coming up. We had no testimony. No one has examined into the proposal at length.

If the Senator from Delaware does not desire more time, I am prepared to move to table his amendment, so that the Senate may move on to complete action on a bill which affects so many Federal employees.

Mr. WILLIAMS of Delaware. I hope the Senator will not move to table the amendment. If he thinks it is not germane let him make a point of order. I am sure the amendment is germane, and I am sure that the Chair would sustain my view. So far as a motion to table is concerned, that motion could be made, but the vote would still be on the merits. If I were against the amendment I would certainly vote to table it.

This proposal has not just come before us today. I shall read an editorial pub-

lished in the Washington Evening Star of January 18, 1963, 3½ years ago. It is entitled "Down the Hatch" and reads as follows:

An undetermined number of unhappy Civil Service workers, having put up \$100 for the greater glory of the Democratic Party, will toss down a drink or two tonight as guests of their bosses.

The Civil Service Commission, with no pun intended, says that it cannot treat this thinly disguised form of coercion as a violation of the Hatch Act unless it receives complaints from Government workers.

I digress at this point to say that, certainly, Government workers are afraid to complain.

Mr. MONRONEY. Mr. President, will the Senator yield at that point?

Mr. WILLIAMS of Delaware. I should like to complete my reading of the editorial; then I shall yield.

Mr. MONRONEY. Very well.

Mr. WILLIAMS of Delaware. I continue to read:

We would rather doubt that any worker who has sense enough to find his way in and out of the building is going to be foolish enough to file such a formal complaint. So this throws the whole shabby business back into the realm of the Corrupt Practices Act, which is enforced by the Department of Justice, not by the CSC. Of course, one may always be mistaken in a judgment. But it is our guess that no Justice Department bloodhounds will be sent off on the trail of Democrats who have resorted to this device to raise funds for other Democrats. And if our estimates in this respect should be erroneous, we are willing to bet ROBERT KENNEDY a \$100 dinner that any bloodhounds unleashed in this cause will not be young and eager, but, rather, will be of that variety which is old, tired and quite ready to call it a day.

All of this has prompted some Republicans to rise up in righteous wrath, a circumstance which, we think, should be put in some perspective. In former administrations, both Republican and Democratic, there has been a certain prodding of the Federal worker to kick into the party coffers. But nothing in the past has rivaled the brazenness or the scope of what the New Frontiersmen have been doing. As our Federal Spotlight reporter, Joe Young, puts it when speaking informally: "The Civil Service worker is damned if he doesn't, because his promotion prospects may be adversely affected. And, should the Republicans come in, he is damned if he does, because his new GOP bosses are not apt to look with understanding and tolerance on the fact that he tossed a hundred bucks into the Democratic war chest."

By tomorrow this affair will be over and done with. But the bad smell will linger on. People who make a career of working for the Government ought not to have their shins kicked or their arms twisted to force them to put their money on the line. Nor should they be subjected to the slightly more subtle pressure of not having a drink with the boss unless they pony up.

The Kennedy administration speaks in noble terms to the American people of virtue, dedication, high purpose, etc. If the President, by chance, doesn't know what has been going on recently, he ought to take time out for a closer look.

I should say that since the editorial was published both President Kennedy and President Johnson have recommended that Congress take action to cor-



rect the loophole in the law in that while officials of the departments themselves cannot solicit they can designate someone outside the Government to take the lists of names and call on the civil service workers.

This is a practice that is common knowledge to all. I think it is time to stop it, and my amendment would stop it.

Mr. MONRONEY. I listened carefully as the Senator from Delaware read the editorial. It is my understanding that a boss who invited employees has been for many years under the prohibition of contacting Federal employees on behalf of candidates for office. That is the law today.

If the Senator from Delaware wishes to bring in people who have no connection whatever with Government and no connection with promotional activities and say, "You cannot conduct political activities," that is one thing. But I say that persons have a right to go out and solicit on behalf of their candidates if such persons are not connected with the Federal Government in any way, shape, or form.

The amendment of the Senator from Delaware would prohibit such a practice by a fine of \$5,000, or 3 years in the penitentiary or both. That is an impingement on the rights of individual citizens, nongovernmental employees, who work in the field of democracy, who want to participate and urge young people to become active and to help in the field of politics, so that they may become acquainted with their Government and move forward in political organizations.

Yet if they go out and sell a tag on tag day or sell a \$5 or a \$10 or a \$100 banquet ticket, no matter how remotely connected they are with the Federal Government, if they are connected with a political committee, if they represent a party, and if they are working on behalf of a political party, they would be under a threat of fine and imprisonment.

I think the Senator from Delaware has not thought this amendment out. It would not do what he had hoped it would do. I favor a tightening of the law so far as it concerns Federal employees raising money from other Federal employees, no matter what class of civil service or any other type Federal employment he may have. But I certainly feel that to have on the books legislation which would deny the right of 90 percent of the volunteer workers in the United States to feel comfortable by having a 3-year sentence facing them, if they worked in this field of activity, for fear that talking to neighbors or others they might be accused, directly or indirectly, or in any other vague way, of soliciting or being concerned in soliciting an assessment, subscription, or contribution for the use of any political committee, is carrying it too far with people who have no authority and who are not Federal employees.

It is those who have authority over Federal employees that the law has wisely sought to prevent from raising funds, and I think it is a good law. I would vote to strengthen it if I knew how. But I believe that what the Senator proposes does not strengthen it in any way.

I am prepared to move forward, if the Senator wishes.

Mr. WILLIAMS of Delaware. I shall take only a minute, and then I shall be ready to vote.

The Senator has summed up the issue very clearly. As he has stated, the law as it exists today prohibits an official in the Government from soliciting his employees for campaign contributions or from selling them this \$100 ticket, as outlined in the editorial. The Senator is correct on that point. The existing law does not prohibit that same official from inviting those who may have purchased ticket to stop by his house for cocktails so he can get their names. The existing law, while it does prohibit the employees under him for these \$100 dinners, does not prohibit that agency head from designating some individual who is not on the Government payroll to take that list of names and make the solicitations. The existing law does not prohibit that.

My amendment would prohibit anybody designated by that official from soliciting civil service workers, and I hope the amendment will be agreed to.

Mr. LAUSCHE. Mr. President, will the Senator managing the bill yield for a question soliciting information?

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MONRONEY. I yield to the Senator from Ohio.

Mr. LAUSCHE. If the bill pending before the Senate is amended to make the effective date January 1, 1967, instead of July 1, 1966, to what extent, in dollars, will the cost of the bill be reduced for the 1 year?

Mr. MONRONEY. It will be exactly one-half, which will be in the neighborhood of \$252 million.

Mr. LAUSCHE. Instead of costing \$504 million, it would cost \$252 million?

Mr. MONRONEY. It would be delayed one-half year.

I might say to the distinguished Senator that the vote in the committee, when it was taken, to move the effective date forward to October 1, even, was 14 to 1 against doing so and for making July 1 the effective date; and the single vote was that of the chairman of the committee. I favored the other position, and 14 of the committee members, who heard the same evidence I did, favored the other way.

Mr. LAUSCHE. The Senator has answered my question. If we make the effective date January 1, 1967, instead of July 1, 1966, there will be a saving of \$252 million.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll on the quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 127 Leg.]

Allott	Hartke	Morse
Bayh	Hill	Murphy
Boggs	Holland	Pearson
Burdick	Jordan, Idaho	Pell
Byrd, Va.	Kennedy, Mass.	Ribicoff
Carlson	Lausche	Robertson
Cooper	Long, La.	Russell, S.C.
Dirksen	Magnuson	Sparkman
Ervin	Mansfield	Tydings
Gore	Metcalf	Williams, Del.
Harris	Monroney	

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. BASS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. ELLENDER], the Senator from New York [Mr. KENNEDY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK], the Senator from Michigan [Mr. GRIFFIN], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Aiken	Hruska	Muskie
Bartlett	Inouye	Nelson
Bennett	Jackson	Prouty
Bible	Javits	Proxmire
Brewster	Jordan, N.C.	Randolph
Byrd, W. Va.	Kuchel	Russell, Ga.
Cannon	Long, Mo.	Smith
Case	McCarthy	Stennis
Church	McGee	Symington
Cotton	McGovern	Talmadge
Curtis	McIntyre	Thurmond
Eastland	Miller	Tower
Fannin	Mondale	Yarborough
Fong	Montoya	Young, N. Dak.
Fulbright	Morton	Young, Ohio
Hayden	Moss	
Hickenlooper	Mundt	

The PRESIDING OFFICER. A quorum is present.

Mr. MONRONEY. Mr. President, I have a parliamentary inquiry. A quorum is present. The yea-and-nay vote had been demanded by the senior Senator



from Delaware, but had not actually taken place. Is that correct?

The PRESIDING OFFICER. Yes, no Senator had responded before the absence of a quorum was suggested.

Mr. MONRONEY. Therefore, I move to table the amendment of the Senator from Delaware.

Mr. WILLIAMS of Delaware. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, is a parliamentary inquiry in order?

The PRESIDING OFFICER. The Senator may state it.

Mr. WILLIAMS of Delaware. Senators who wish to defeat the amendment would vote to table it, and Senators who wish to vote for the amendment would vote against tabling it.

Do I understand correctly?

The PRESIDING OFFICER. The Senator from Delaware understands correctly.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. BASS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], and the Senator from Oregon [Mrs. NEUBERGER] are absent on official business.

I also announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. ELLENDER], the Senator from New York [Mr. KENNEDY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr. BASS], the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from New York [Mr. KENNEDY], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Michigan [Mr. HART] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK], the Senator from Michigan [Mr. GRIFFIN], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Michigan [Mr. GRIFFIN], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Wyoming [Mr. SIMPSON] would each vote "nay."

The result was announced—yeas 43, nays 33, as follows:

[No. 128 Leg.]

YEAS—43

Bartlett	Bible	Burdick
Bayh	Brewster	Byrd, W. Va.

Cannon  
Church  
Eastland  
Ervin  
Fulbright  
Gore  
Harris  
Hartke  
Hayden  
Hill  
Holland  
Inouye  
Jackson  
Jordan, N.C.

Kennedy, Mass.  
Long, Mo.  
Long, La.  
Magnuson  
Mansfield  
McCarthy  
McGee  
McGovern  
Metcalfe  
Mondale  
Monroney  
Montoya  
Moss  
Muskie

Nelson  
Pell  
Proxmire  
Randolph  
Ribicoff  
Russell, S.C.  
Russell, Ga.  
Sparkman  
Stennis  
Symington  
Talmadge  
Tydings  
Yarborough  
Young, Ohio

NAYS—33

Aiken  
Allott  
Bennett  
Boggs  
Byrd, Va.  
Carlson  
Case  
Cooper  
Cotton  
Curtis  
Dirksen

Fannin  
Fong  
Hickenlooper  
Hruska  
Javits  
Jordan, Idaho  
Kuchel  
Lausche  
McIntyre  
Miller  
Morse

Morton  
Mundt  
Murphy  
Pearson  
Prouty  
Robertson  
Smith  
Thurmond  
Tower  
Williams, Del.  
Young, N. Dak.

NOT VOTING—19

Anderson  
Bass  
Clark  
Dodd  
Dominick  
Douglas  
Ellender

Griffin  
Gruening  
Hart  
Kennedy, N.Y.  
McClellan  
Neuberger  
Pastore  
Saltonstall  
Scott  
Simpson  
Smathers  
Williams, N.J.

So Mr. MONRONEY's motion to table the amendment of Mr. WILLIAMS of Delaware was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LAUSCHE. Mr. President, I call up my amendment, which is at the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. LAUSCHE. Mr. President, I ask unanimous consent to dispense with the reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by the Senator from Ohio [Mr. LAUSCHE], is as follows:

On page 46, line 17, beginning with the word "as", strike out all down through line 23 and insert in lieu thereof "on the first day of the first pay period which begins on or after January 1, 1967".

On page 49, line 2, strike out "July 1, 1966" and insert "January 1, 1967".

On page 52, line 24, strike out "July 1, 1966" and insert "January 1, 1967".

On page 62, line 10, beginning with the word "as", strike out all down through line 19, and insert in lieu thereof "on the first day of the first pay period which begins on or after January 1, 1967".

On page 69, line 8, strike out the word "second" and insert "fifth".

On page 69, line 23, strike out the word "date" and all of the language on line 24, and insert in lieu thereof the words "January 1, 1967".

On page 71, line 10, strike out "July 1, 1966" and insert "January 1, 1967".

On page 71, line 16, strike out "July 1, 1966" and insert "January 1, 1967".

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a 30-minute limitation on the pending amendment, 15 minutes under the control of the proponent, the distinguished Senator from Ohio [Mr. LAUSCHE] and 15 minutes under the control of the manager of the bill.

The PRESIDING OFFICER. Is there objection? There being no objection, it is so ordered.

The Senator from Ohio is recognized. How much time does the Senator yield unto himself?

Mr. LAUSCHE. I yield to myself as much time as I shall use, not to exceed 15 minutes.

Mr. President, the bill pending before the Senate provides that the effective date of the increase in the wage grants shall be July 1, 1966. July 1, 1966, manifestly, has already passed.

The President, in recommending the adoption of the pay-increase bill and the liberalization of survivor benefits, stated:

I recommend to the Congress the enactment of a pay raise for Federal employees effective January 1, 1967, ranging from 1 percent to 4-1/2 percent.

The recommendation of the President was disregarded by both the House of Representatives and the committee in the Senate that considered the bill.

Today arguments were made by various Senators that the Congress has already adopted authorizations increasing Federal expenditures by about \$3.5 billion over the President's recommended budget.

While the bill was being discussed today, there appeared a brief flash of controversy concerning who was responsible for the increased expenditures that have been created in this session of the Congress.

There were arguments that the President is responsible. There were arguments that the Congress is responsible. The fact is undoubted, however, that up until now the authorizations exceed the President's budget by about \$3.5 billion. There is no question that the Congress has exceeded the President's recommendations in the amounts which I have stated. I am not trying to defend the President. I am trying to relate the facts as I understand them to exist.

The second dispute on the floor of the Senate today was whether the Congress, if it is increasing the expenditures, should not impose a tax. The Senator from New York [Mr. JAVITS] said the President was delinquent in not recommending a tax increase to meet the huge expenditures of South Vietnam and the increased expenditures authorized by the Congress.

The Senator from Montana [Mr. MANSFIELD] did not participate in the argument. The Senator from Illinois [Mr. DIRKSEN] argued that if a bill of that type were submitted he would vote for it.

Senators may want to know the cost if the effective date is January 1, 1967, as recommended by the President, instead of July 1, 1966, as proposed by the House of Representatives, and the committee that had charge of this bill. The answer is that the cost will be \$252 million.

If July 1, 1966, is made the effective date instead of January 1, 1967, the cost will be \$252 million more than it would be under the pending bill.

With respect to the merits, I do not like to mention this but it is an absolute fact. Every election year we increase



the survivor benefits and the wages of the Federal employees.

I have before me a document prepared by the Library of Congress covering the years I have been in the Senate.

In 1958, the classified employees received a wage increase of 10 percent. In 1960, the classified employees received a wage increase of 7.7 percent; in 1962, 5.5 percent; in 1964, 4.3 percent. Even in the odd year, in 1965, the classified employees received an average increase of 3.6 percent.

Practically the same program and the same table of increases deals with postal employees.

Mr. President, I ask unanimous consent to have printed in the RECORD the tabulation contained in this document.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

*General pay increases since 1950: Classified, postal, and Armed Forces*

CLASSIFIED EMPLOYEES

Year	Public Law	Percent increase
1951	82-201	Average increase of 10 percent.
1955	84-94	Average increase of 7.5 percent.
1958	85-462	Average increase of 10 percent.
1960	86-568	Average increase of 7.7 percent.
1962	87-793	1st step increase, effective October 1962, 5.5 percent.
		2d step increase, effective January 1964, 4.1 percent.
1964	88-426	Average increase of 4.3 percent.
1965	89-301	Average increase of 3.6 percent.

POSTAL EMPLOYEES

1951	82-204	4th class postmasters' pay increased 20 percent. Other postmasters and supervisors increased 8.8 percent (but not over \$800). All other employees increased \$400, but the elimination of the 2 lowest grades meant that employees who had been in these grades got as much as a \$600 increase.
1955	84-68	Average increase of 8.4 percent.
1958	85-426	Average increase of 10.27 percent.
1960	86-568	Average increase of 8.35 percent.
1962	87-793	1st step increase, effective October 1962, 8.6 percent. 2d step increase, effective January 1964, 2.6 percent.
1964	88-426	Average increase of 5.6 percent.
1965	89-301	Average increase of 3.6 percent.

ARMED FORCES

1952	82-346	Average increase of 4 percent in pay; 14 percent in food and rent allowance for those eligible. Average of these factors: 5.7 percent.
1955	84-20	Percent of increase under this law is complicated. For officers with more than 3 years' service and for warrant officers and enlisted men with more than 2 years' service, increases were based on length of service. Some examples: Major generals, 26 to 30 years' service, 6.7 percent; 2d lieutenants, with more than 3 but less than 4 years' service, 25 percent; corporals, with 8 to 10 years' service, 17.35 percent.
1958	85-422	Increases ranged from about 1 percent for privates to as much as 33 percent for some generals.
1963	88-132	Increase averaged about 17 percent for all active duty personnel with 2 or more years of service. Those with less than 2 years' service received no increase.
1964	88-422	Average increase of 2.5 percent for all uniformed personnel with more than 2 years of service.
1965	89-132	Average increase of 11 percent for all enlisted personnel with 2 or more years of service; varying increase for those with less than 2 years of service, and 6 percent for all officers.

Source: Legislative Reference Service, Government and General Research Division, Feb. 1, 1965.

Mr. LAUSCHE. Mr. President, the Armed Forces have not been dealt with so leniently. They have been allowed to

falter and stand by the wayside while we have taken care of postal employees and civil service employees. Not until 1965 were the armed services given what was supposed to be a substantial increase, and that was 11 percent for all enlisted personnel with 2 or more years of service.

In the arguments made today, there was stressed deficit operations, the largeness of the public debt, and the scarcity of money throughout the Nation where banks are bidding for deposits by paying as high as 5.5 percent—and of course, when they pay 5.5 percent for deposits, they will collect an interest rate on their loans of 7 percent and 8 percent. When they do that, they will take bad security. I have been through this program. I was on the bench in 1936 when foreclosure proceedings were coming through, and it was quite evident that the more extravagant the collection of interest, the greater the extravagance in demanding ample security.

Finally, in simple terms, we can save \$252 million. We can stand by the President in his recommendations that the bill be made effective as of January 1, 1967, and we can help stop the inflation which is running rampant; on the other hand, we can cast aside the word of the President, we can blame him for what is happening, we can forget about inflation, we can forget all the other dangers which are incident to this bill. The bill is most liberal. The workers should be satisfied with an effective date of January 1, 1967.

That is my argument.

Mr. LONG of Louisiana. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I am happy to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. I admire the courage of the Senator from Ohio in offering his amendment. He knows it takes courage to offer it, because it would be disappointing to millions of employees were the Senator's amendment to carry. The fact is that none of us has the right to criticize the administration for profligate spending at their end, and then vote to advance the pay raise date on this end. Federal employees have had a raise every 2 years. In recent years, we have voted one every year. I want to say to the Senator from Ohio that certainly the executive branch of the Government is very much concerned with profligate spending on this end.

We should do what we can to hold down the spending to that authorized in the President's recommendations, and for that reason I will vote with the Senator from Ohio.

Mr. HARTKE. Is the Senator from Ohio interested in the law of 1962 which provides that there shall be the doctrine of comparability, which is the law of the land? Does the Senator want to disprove of that law?

Mr. LAUSCHE. I am thoroughly familiar with the law of 1962, which provides that there shall be a comparability between the salaries paid by the Federal Government and those paid by private industry. I say to the Senator that the President of the United States thought this matter out and recognized the huge expenditures necessary for Vietnam. My belief is that in a generous mood he said:

I will recommend this increase but I want it effective as of January 1, 1967.

Let me point out further to the Senator that the comparability law would help only with the comparability of salaries paid by the Federal Government and private industry and not at all with salaries paid by villages, counties, cities, and States.

Mr. HARTKE. The Senator well knows that John Macy, the Chairman of the Civil Service Commission, has said publicly in committee that this provision, at this moment, will not even bring Federal employees up to a comparable standard with private industry as required by the law of 1962. He himself has admitted this publicly, willingly, and without any question of doubt whatsoever in his mind. He merely says that what is being recommended today will not bring the Federal employees up to a comparable standard as we have determined ourselves to be. Even by July 1, 1966, rather than January 1, 1967, we will still be where—

Mr. LAUSCHE. I am sorry, but my time is very limited. If the Senator wishes to make a speech on his own time—

Mr. HARTKE. Mr. President, will the Senator from Oklahoma yield me 1 minute?

Mr. MONRONEY. The Senator from Ohio has the floor.

Mr. LAUSCHE. Let me answer the Senator's question. One of the great problems confronting our country is, who will stop the inflationary processes? Private employers have not been able to do so because when a strike is declared against their industry, they are helpless. We should set the example. We should demonstrate to the people of the Nation that there is grave danger of excessive inflation, and if inflation comes, our employees will suffer. We will suffer. The whole Nation will suffer irreparable damage.

Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator from Ohio has 2 minutes remaining.

Mr. LAUSCHE. Mr. President, I reserve the remainder of my time.

Mr. MONRONEY. Mr. President, I yield 1 minute to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 1 minute.

Mr. HARTKE. Mr. President, I should like to ask the Senator from Ohio—on my own time—will the Senator from Ohio be as willing to defend economy when it comes time to vote upon the authorization this week—as I understand it will come up—on cutting out the giving of military aid to foreign countries so that they can use it against each other?

Mr. LAUSCHE. Mr. President, with great reluctance, I would make the statement that the question the Senator from Indiana has asked is demagogic.

Mr. HARTKE. Let me say to the Senator from Ohio that if my statement is demagoguery, the war between India and Pakistan took approximately 5,000 lives on each side.



The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. MONRONEY. Mr. President, I oppose this amendment. We must realize that the data on which the pay increase is based is now 15 months old. The survey of comparability with private industry was made in March 1965. We have all had experiences with the inflationary spiral which has taken place and its effect upon the cost of living and know what it has done to those in the lower income groups.

This overall wage increase of 2.9 percent is the maximum that anyone will receive under the provisions of the bill and applies primarily to those in the lower paid grades where the pinch of rising food costs and higher rentals is felt the most.

We voted a pay increase of 3.6 percent last year. If Senators will check back on the going rate of increases which took place last year and this year in private enterprise, they will find that the Government employees are the low men on the totem pole.

Few, if any, of the industrial wage agreements which were made with large groups of individuals are as low as the levels which the leaders of our Government employees organizations were willing, finally—when the facts were pointed out—to accept. This is a very important matter, I think, to meet rising living costs, and to retain the high caliber of Federal employees, and to assure the continuation in Government service of these men and women who have spent years in knowing and faithfully performing the duties of our widespread Government operations.

Mr. CARLSON. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I am happy now to yield 3 minutes to my distinguished colleague, the ranking minority member on the committee, the Senator from Kansas [Mr. CARLSON].

The PRESIDING OFFICER. The Senator from Kansas is recognized for 3 minutes.

Mr. CARLSON. Mr. President, I sincerely hope that the Senate will think twice before reaching a conclusion on this vote on setting back the date from January 1, 1967, to July 1, 1966.

I say that for two reasons. First, the committee spent several weeks trying to work out a program for paying Federal employees and we arrived at a figure of 2.9 percent. I challenge anyone to name an industry anywhere in this country which would settle for 2.9 percent.

If the proposed amendment should be adopted, we will be paying Federal employees 1.6 percent. I cannot conceive that the Senate would do that at this particular time, particularly in view of the fact that it would save \$252 million, which sounds like a large sum of money. But the subject of pay comparability, which the committee and the Senate have been working on, dates back to March 1965. The last pay increase was in October 1965.

If Senators do not wish to give Federal employees any pay increase in 1966, they should vote for the amendment. But

frankly, I cannot conceive that Congress will do that, when workers in industry are receiving a settlement of more than 4 percent. I would not be surprised if it were soon 5 percent. I placed in the RECORD this morning a statement indicating that construction workers are now getting 10-, 12-, and even 14-percent pay increases. Certainly it is not proposed that Congress should not treat Federal employees fairly. I hope we shall have a yea-and-nay vote on the amendment.

Mr. MONRONEY. Mr. President, I yield to the distinguished Senator from New York.

Mr. JAVITS. Mr. President, I have had contact with the matter of pay for postal and other civil employees for many years, both in the other body and in the Senate. There are two promises that Congress made them years ago, but which were never fulfilled. They are not kept in this bill. The first is comparability with pay in private employment; the other is the keeping pace with the cost of living. The rise in the cost of living is not the fault of postal and other civil employees; it is the fault of Congress, if we are not running the country right.

On page 6 of the committee report, we read that the consumer price index, which was 110.4 when Congress increased Federal salaries in October 1965, is now 112.5, an increase of 1.9 percent in 6 months. But the pay increase provided in the bill gives the Federal employees an increase of only 1 percent net. The report is quite clear on that.

For myself, I would not wish to short-change Federal employees by not even giving them the raise as of July 1, but they might be shortchanged further by deferring the raise.

On the issue of the general economy, we had a magnificent debate about 2 hours ago, led by the distinguished minority leader [Mr. DIRKSEN]. It is clear that if we are to meet our responsibility, we must do justice to the Federal employees, who have only us as the representatives of their employers. We can do them justice; and if, having done that, in the exercise of our responsibility, the tax revenues are inadequate to the purpose, it is our duty to increase taxes by facing the issue squarely. That is our responsibility. I shall be happy to do it. Every Senator who wishes to grant an increase of this kind must face his conscience.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. LAUSCHE. Does the Senator from New York think there is a chance of getting a tax increase?

Mr. JAVITS. I certainly do. We shall have to have one to restrain the inflationary spiral in this country, and not have the ax fall on innocent people, who are looking for credit in order to do constructive things.

Mr. LAUSCHE. If a tax increase cannot be had, what will be the result?

Mr. JAVITS. It is within our power to grant this rise in wages, which is justly due, and also it is within our power to fulfill our responsibility to raise taxes. We now have a chance to do this. There-

fore, I am for doing it and shall face up to my responsibility to raise taxes whenever that issue is before us.

The continuation of excessive reliance on monetary policy has already raised interest rates to their highest levels since World War II, slowed down housing construction considerably and engendered a rate war between savings and loan associations and other credit institutions. Unless there is a moderate across-the-board tax increase, there cannot be a corresponding easing of credit conditions and interest rates which is highly desirable in my opinion.

Mr. MONRONEY. Mr. President, I yield 2 minutes to the distinguished Senator from Iowa.

Mr. MILLER. Mr. President, the Senator from Ohio knows that I feel as deeply about inflation as he does. I have joined him on many occasions in voting for measures which were designed to cut back Federal spending. But I suggest that this bill is not the place to war on inflation. It is not Federal Government salaries that cause inflation. What might be causing a part of the inflation is that Congress has been voting for a proliferation of organizations and programs which have resulted in the placing of about 250,000 more Federal civil employees on the payroll today than were on the payroll 5 years ago. That would have something to do with the situation.

But as to those who have been in the Government service a long time, many of them, especially those in the postal service, are not making enough money so that it might be said that they are comparable with their counterparts in private industry.

We shall have an opportunity to vote to cut some of the spending a little later in foreign aid and the so-called war on poverty. There are plenty of areas to go after, but I do not believe this is an area that can fairly be said to be causing inflation.

Mr. MONRONEY. Mr. President, one thing that I hope Senators will consider is that the committee felt that we were striking a level on the total amount, giving Federal workers the very minimum that we calculated was their due, but still 15 months after the data had been accumulated. It is far better, I believe, not to have the total amount of the pay increase high, and to have it come into effect at a later date, because then the level to which it is moved up would be followed for years. So the lesser amount of money that the bill will cost by going into effect July 1 is better by this much higher pay increase than if it were postponed until January 1. For this reason, the committee took the 2.9 figure, which I think, while it is fair to Government employees, is not extremely generous.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. HARTKE. Is it not true that even with the increase provided in the bill, with the effective date provided in the bill, not alone is the Federal employee's wage still below the comparable wage paid in private industry—

Mr. MONRONEY. I think the statistics will bear that out.



Mr. HARTKE. Not alone is comparability a factor, but the Federal worker will still be, roughly, 9 to 15 months behind the present effective date, due to the fact that there is a lag in the Bureau of Labor Statistics report on private industry?

Mr. MONRONEY. It is now 15 months behind.

Mr. HARTKE. If we were to apply the law of 1962, we would not alone have to provide, as in this bill, an effective date of July 1, but provide for 21 more months of retroactivity.

Mr. MONRONEY. That was asked of the committee and was denied.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Texas.

Mr. YARBOROUGH. Is it not true, as stated on page 6 of the committee report, the second paragraph, that from October 1965, the date of the last pay increase, there was an increase in the cost of living of 1.9 percent in 6 months; and that in purchasing power, the Federal employee will get a net increase of 1 percent, minus Federal, State, and local taxes, Civil Service retirement deductions and life insurance premiums?

Mr. MONRONEY. The Senator is absolutely correct.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the distinguished Senator from West Virginia.

RANDOLPH SUPPORTS FEDERAL SALARY AND FRINGE BENEFITS ACT; CITES WEST VIRGINIA INTEREST IN JULY 1 EFFECTIVE DATE—OPPOSES LAUSCHE AMENDMENT

Mr. RANDOLPH. Mr. President, I can well understand the concern of the able Senator from Ohio [Mr. LAUSCHE] with respect to the inflationary spiral, a spiral which is, frankly, of concern to our constituencies in general. We who are close to our people know that this is a situation which is causing real concern—I repeat the word for the third time—in the country, and in the States that we individually represent. But as the able Senator from Iowa [Mr. MILLER] has stated, the effective date of the increased pay and fringe-benefit program for Federal employees is a realistic one and must be separated in this debate from any rising cost of living in the United States.

I think we should say in this body this afternoon, that probably the Post Office and Civil Service Committee has never given more careful consideration to the setting of a date for the beginning of a pay increase than have we as members of the Post Office and Civil Service Committee in this instance.

Mr. President, it has been a privilege and honor to join with the distinguished Senator from Oklahoma [Mr. MONRONEY], chairman of the Senate Committee on Post Office and Civil Service. I congratulate the chairman of the committee for his performance of a difficult and admirable task in preparing this legislation for debate in this body. The fairness with which he approached this problem, his objectivity and grasp of the complexities of this legislation are well known to those of us who are members of the committee.

I feel that oftentimes we forget that, by and large, the persons who form the career service of the Government of the United States are men and women not only of ability but of loyalty, and I feel that this afternoon the Senate would commit an error if we extended the effective date of this legislation to a date any later than July 1.

I have long been dedicated to the principle of guiding our Federal pay scale into a truly equitable position relative to the salaries and fringe benefits enjoyed by those in the private sector of our Nation's economy. It has been my pleasure to support the legislation before us today, H.R. 14122. I am firmly convinced that this measure should be enacted, and I hope that the differences between the Senate and House versions may soon be resolved.

Our Federal employees have already waited beyond the July 1 date, which is realistic. They should not be made to wait longer. I have heard from many, many of our Federal employees in the State of West Virginia on this subject. They are looking to us to support their fair demands today as we have done so often in the past. It is my hope that, for the benefit of those of my constituents as for the rest of our loyal civil servants, the July 1 effective date will remain in the bill we pass today, and I oppose the amendment by the Senator from Ohio [Mr. LAUSCHE].

Mr. MONRONEY. I thank my distinguished colleague on the committee. May I say that the rate at which we are losing our experienced employees, and the cost that we must pay out to train new ones, who will not qualify with the skills and experience that the present employees already have in their jobs, would make it a very risky thing to postpone the effective date to January 1, as proposed by the distinguished Senator from Ohio.

I ask for the yeas and nays.

Mr. LAUSCHE. Yes, the yeas and nays, please.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. LAUSCHE. I yield myself 1 minute.

Page 6 of the report states:

The Consumer Price Index of the Bureau of Labor Statistics was 110.4 when Congress increased Federal salaries in October 1965. For April 1966, the most recent report, the indicator was 112.5, an increase of 1.9 percent.

I now wish to read what the President said with respect to who will be benefited by this bill:

I recommend to the Congress the enactment of a pay raise for Federal employees effective January 1, 1967, ranging from 1 percent to 4½ percent. The high brackets will receive the 4½ percent, the low brackets the 1 percent.

The arguments of those who try to use cost of living as a justification of the 4.5 percent pay increase fall upon fallow ground. With these increases, nearly 1 million of the 1.8 million employees affected will achieve pay comparability with private enterprises. These employees include about 88 percent—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator may have 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. These employees include about 88 percent of all postal workers and more than 470,000 in the classifications. The high pay raises will go to the recipients of high salaries now; the low pay raise, of 1 percent, will go to the low. I submit that the cost of living has no relationship to this. If you grant me 4.5 percent, at \$30,000 a year, you are granting me much more than my cost of living is.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, the bill the committee brought out is not the recommendation which the Senator from Ohio read. This bill is 2.9 percent, across the board, for all employees from the porters to the Secretary of State. We did not bring out a bill in accordance with the President's recommendations. As best we could, under the able leadership of the distinguished Senator from Oklahoma, we tried to deal fairly with everybody and made it across the board.

Mr. MONRONEY. We raised the very lowest paid people in the Government above the 1 percent recommended, and made it straight across the board 2.9 percent, which we felt was as equitable a solution as could possibly be made.

Mr. LAUSCHE. Five seconds, Mr. President. My argument is still sound. The cost of living has risen 1.9 percent in the last 6 months; the pay increase averages 2.9 percent. The benefits coming to the Federal employees by the pay increase are greater than the burdens produced by the increased cost of living.

Mr. MONRONEY. I yield back the remainder of my time.

Mr. LAUSCHE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Ohio. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. BASS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. ELLENDER], the Senator from New York [Mr. KENNEDY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.



I further announce that, if present and voting, the Senator from Tennessee [Mr. BASS], the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from New York [Mr. KENNEDY], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. DOMINICK], the Senator from Michigan [Mr. GRIFFIN], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "nay."

On this vote, the Senator from Michigan [Mr. GRIFFIN] is paired with the Senator from Wyoming [Mr. SIMPSON]. If present and voting, the Senator from Michigan would vote "nay," and the Senator from Wyoming would vote "yea."

The result was announced—yeas 9, nays 71, as follows:

[No. 129 Leg.]

YEAS—9

Bartlett	Holland	Stennis
Dirksen	Lausche	Williams, Del.
Fulbright	Long, La.	Young, Ohio

NAYS—71

Alken	Hayden	Morton
Allott	Hickenlooper	Moss
Bayh	Hill	Mundt
Bennett	Hruska	Murphy
Bible	Inouye	Muskie
Boggs	Jackson	Nelson
Brewster	Javits	Pearson
Burdick	Jordan, N.C.	Pell
Byrd, Va.	Jordan, Idaho	Prouty
Byrd, W. Va.	Kennedy, Mass.	Proxmire
Cannon	Kuchel	Randolph
Carlson	Long, Mo.	Ribicoff
Case	Magnuson	Robertson
Church	Mansfield	Russell, S.C.
Cooper	McCarthy	Russell, Ga.
Cotton	McGee	Smith
Curtis	McGovern	Sparkman
Eastland	McIntyre	Talmadge
Ervin	Metcalf	Thurmond
Fannin	Miller	Tower
Fong	Mondale	Tydings
Gore	Monroney	Yarborough
Harris	Montoya	Young, N. Dak.
Hartke	Morse	

NOT VOTING—20

Anderson	Griffin	Saltonstall
Bass	Gruening	Scott
Clark	Hart	Simpson
Dodd	Kennedy, N.Y.	Smathers
Dominick	McClellan	Symington
Douglas	Neuberger	Williams, N.J.
Ellender	Pastore	

So Mr. LAUSCHE's amendment was rejected.

Mr. HARTKE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be waived.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

On page 62, after line 8, insert the following:

"Sec. 409. Section 2 of the Act of September 23, 1959 (73 Stat. 698, Public Law 86-375), is amended by striking out the figure '\$10,000' and inserting in lieu thereof the figure '\$15,000'."

On page 62, line 10, strike out "Sec. 409." and insert in lieu thereof "Sec. 410."

On page 62, line 17, strike out "Sections 402 and 408" and insert in lieu thereof "Sections 402, 408, and 409".

Mr. HARTKE. Mr. President, this is a technical amendment with respect to one employee of the Wabash Valley Compact Company in the State of Indiana.

I spoke to the committee chairman concerning this amendment and he agreed to take the amendment to committee.

This employee has not had any increase in salary since he has been in his position.

Mr. MONRONEY. Mr. President, the amendment was presented to the committee and explained by the distinguished Senator from Indiana.

I have taken the matter up with my distinguished colleague, the ranking minority member of the committee, the Senator from Kansas [Mr. CARLSON]. I agree to take the amendment.

Mr. WILLIAMS of Delaware. Mr. President, may we have an explanation of what the amendment would do?

Mr. HARTKE. My amendment deals with one employee with the Wabash Valley Compact Commission. This position was established in 1959 on a day basis and did not include any other salary. When all other employees received their pay increase, this employee was not included. He must be included some place or he will stay in the position he was in at the beginning.

Mr. WILLIAMS of Delaware. Do I understand that the amendment was before the committee?

Mr. MONRONEY. The Senator is correct.

Mr. WILLIAMS of Delaware. Was the amendment accepted or rejected?

Mr. MONRONEY. We asked that the amendment be withheld and presented to the Senate. We wanted to make further study. We will take the amendment to conference.

Mr. WILLIAMS of Delaware. Then this is nothing more than a private bill for one man, and I shall vote against it.

Mr. HARTKE. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS of Delaware. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered and the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 69, between lines 18 and 19, insert the following:

"INCREASE IN CONTRIBUTION RATE

"SEC. 508. (a) The first two sentences in section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)) are amended to read as follows: "From and after the first day of the first pay period which begins on or after August 1, 1966, there shall be deducted and withheld from each employee's basic salary an amount equal to 7 per centum of such basic salary and from each Member's basic salary an amount equal to 8 per centum of such basic salary. From and after August 1, 1966, an equal sum shall also be contributed from the respective appropriation or fund which is used for the payment of his salary, pay or compensation, or in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment."

"(b) The schedule contained in section 4 (c) of such Act (5 U.S.C. 2254(c)) is amended (1) by striking out:

"6½----- After October 31, 1956" and inserting in lieu thereof:

"6½----- November 1, 1956, to July 31, 1966  
"7----- After July 31, 1966"

and (2) by striking out:

"7½----- After October 31, 1956" and inserting in lieu thereof:

"7½----- November 1, 1956, to July 31, 1966  
"8----- After July 31, 1966."

On page 69, line 20, strike out "SEC. 508" and insert in lieu thereof "SEC. 509", and strike out "section 509" and insert in lieu thereof "section 510".

On page 70, between lines 14 and 15 insert the following:

"(d) Section 508 shall become effective on the first day of the first pay period which begins on or after August 1, 1966."

On page 70, line 16, strike out "SEC. 509" and insert in lieu thereof "SEC. 510".

Mr. WILLIAMS of Delaware. Mr. President, this amendment is very simple. It merely provides a method for financing the retirement provisions of the pending bill. The pending bill provides numerous liberalizations for the civil service retirees. I think that many of these liberalizations are meritorious. There is no provision in the bill, however, to finance this procedure.

Over the past several years Congress has been passing numerous bills to liberalize civil service retirement benefits for employees without any method of paying for them. Prior to this bill, the unfunded liability of the retirement fund was \$43,637,602,000. That figure is based upon the civil service figures furnished in a letter dated May 5, 1966, signed by Mr. Ruddock.

That unfunded liability is largely the result of numerous increases and benefits voted by Congress over the past 6 or 8 years but for which we did not provide any increase in the rate of contribution.

There has been, however, during these years one increase in the rate of contribution, an increase from 6 to 6.5 per cent. However, we still have this unfunded liability. The enactment of the pending bill would add to that unfunded liability of the civil service retirement



fund an additional \$1,698,700,000. That would be over the entire life of the effect of this bill and would bring the total deficit to \$45,336,302,000. The letter giving these statistics was placed in the RECORD earlier today.

The policy of the Committee on Finance for the past several years—as with the Ways and Means Committee in the House—has been that when social security benefits are increased the tax of the employee and the employer are increased sufficiently to finance the increased benefits provided for under the bill. If the Senate liberalized those benefits it would increase the tax also. I believe that would be a good policy to initiate with respect to the civil service retirement fund.

The proposed amendment would increase the contribution rates one-half of 1 percent on the part of the employee and the employer—the Government. The contributions of both would be increased. Also, the proposed amendment would increase the contribution of Members of Congress to the same extent, one-half of 1 percent, from 7.5 to 8 percent. If the pending bill is to be passed, fairness requires that a price tag be put upon it.

I would favor the bill, if the cost could be financed in this manner, but I do not believe Congress should pass legislation of this type, as has been done in the past, and say that next year it will come forth with a formula to raise the contribution rates to pay for the increase. I believe it should be done in one package, with one vote. Then Congressmen can go home and say, "We voted for your benefits, and this is what they will cost."

I have spoken with many civil service employees. They want the provisions of the bill, and they are willing to pay for them.

Much has been said about fiscal responsibility. This is an opportunity to practice it. Fiscal responsibility was recommended by the President when he recommended a liberalization of the retirement benefits. He included the words "properly financed."

I hope the proposed amendment will be agreed to.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. ALLOTT. Mr. President, I am interested in the remarks of the distinguished Senator from Delaware. Unless I misunderstood the Senator he may be in error when he uses the figure 43.3. Is that the figure?

Mr. WILLIAMS of Delaware. Forty-three billion six hundred and fifty-six million six hundred and six thousand dollars.

Mr. ALLOTT. That is \$43.6 billion. That is due entirely to the increases in retirement that Congress has voted?

Mr. WILLIAMS of Delaware. I did not mean to say that. About \$5 or \$6 billion of that amount is a result of the failure of the Government to have matched the contributions in the earlier years, something which I believe should be done.

A few years ago, the Senator from Illinois offered an amendment to an

appropriation bill in that regard, and I supported it.

There should be some degree of fiscal responsibility.

Mr. ALLOTT. I believe that the amount is far greater than that, and it is due to the failure of the Government—the failure of Congress—to match the funds which have been collected from the civil service employees.

The Senator from Delaware and the members of the Appropriations Committee will have an opportunity this year—I can assure them of that—to make a substantial contribution to this fund.

Each year, some members of the Committee on Appropriations have brought up this subject, and each year we have been defeated. An opportunity will be presented for the members of the Committee on Appropriations—and I presume for all Senators—to cast a vote which will start us along the road of complying with the law.

The bulk of the problem arises because the Government has not matched the cash contributions which it is obligated under the law to have made, and the appropriations have not been made.

Mr. WILLIAMS of Delaware. To the extent that the Government has not matched the contributions the Senator from Colorado is correct. I assure the Senator from Colorado that I shall support his amendment when it is brought before the Senate.

The time is long overdue when the Government should recognize its responsibility to make its payments into the fund so that the American people will be shown what the program really costs and so that those who are on retirement will know that it is properly financed.

Mr. ALLOTT. I did not know that the Senator from Delaware was going to raise this question, or I would have brought the exact figures. However, I have the figures in my mind. On July 1, 1964, the amount in arrears was \$37.7 billion. By July 1, 1965, it had grown to \$39.9 billion. The figure given to the Subcommittee on Independent Offices of the Committee on Appropriations within the last month or 6 weeks was \$43.3 billion. This is the reason I made the inquiry of the Senator from Delaware.

Therefore, since July of 1964, the amount owed by the Government to this fund, which provides for the retirement of civil service employees, as well as Members of Congress, has grown from \$37.7 billion to the figure which the Senator from Delaware has used today, \$43.6 billion.

Mr. WILLIAMS of Delaware. The Senator from Colorado is correct.

Enactment of the pending bill without some provisions to finance the cost will increase that figure by another \$1.7 billion. The time has come to begin financing as we go along. This would be a constructive step in the right direction. It would be in the direction of the point made by the Senator from Illinois [Mr. DIRKSEN] several times—that if we vote for these programs we must pay for them.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MILLER. The Senator from Delaware has said that unless something is done, passage of the bill will result in \$1.7 billion being added to the unfunded liability of the retirement fund.

Mr. WILLIAMS of Delaware. \$1,698,700,000 is the figure furnished by Mr. Ruddock.

Mr. MILLER. I ask the Senator from Delaware whether or not the payment of one-half of 1 percent by the Government and one-half of 1 percent by the employee is necessary to fund that amount, or whether one-quarter of 1 percent by the employee and the employer would fund that amount and make up the difference of \$1.7 billion.

Mr. WILLIAMS of Delaware. I do not have the exact figures, but my understanding is that between one-quarter and one-half of 1 percent is necessary. The amount is closer to one-half of 1 percent.

The reason I inserted one-half of 1 percent in the proposed amendment is that another increase in the retirement benefit is apt to be triggered in the next few months.

About 2 years ago a bill was passed which provided that when the cost of living rises 3 percent and holds at that level for either 3 or 4 consecutive months during the calendar year a 3-percent increase in all retirement benefits would automatically occur and it would stay in effect in perpetuity, even though the cost of living were to decline, say, 10 percent.

A 2.7-percent increase in the cost of living has occurred since that bill has been enacted. Therefore, we are close to another 3-percent increase in benefits which would require the full one-half of 1 percent. It is my thought that if the proposed amendment were agreed to, the matter would be in conference, and the Commission could recommend whether or not the full one-half of 1 percent were necessary.

Mr. MILLER. Mr. President, will the Senator yield further?

Mr. WILLIAMS of Delaware. I yield.

Mr. MILLER. To the extent that an increase due to inflation would be involved, I believe that the Federal Government, which has caused the inflation, should pick up the tab, rather than the individual employee, who cannot legislate the deficit spending as we in Congress can. To the extent that the increase is not caused by inflation, I believe the Senator from Delaware has a valid point.

I like the thought that if the one-half of 1 percent is high, this can be worked out in a conference committee, so that the contribution could be reduced to one-quarter of 1 percent, if it should develop that the figures show this.

Mr. WILLIAMS of Delaware. If the managers of the bill can show it is closer to one-quarter of 1 percent than to one-half of 1 percent, that is the figure that should be enacted.

I am attempting to have adopted the principle that as retirement benefits are liberalized they should be paid for, as is done with social security. If this principle can be put into effect I would be glad to support these liberalizations because I believe there is merit in the bill.



I am willing to vote for the bill, but I wish to be able to say that I also voted for the increased tax necessary to carry out the provisions of the bill.

Mr. MONRONEY. Mr. President, I rise in opposition to the amendment of the distinguished Senator from Delaware.

The deficit in the fund reserves is not the result of the retirement benefits. Of the \$1,600 million mentioned as being the possible deficit, only part is the result of the retirement benefits included in the bill; about \$1 billion is the direct result of the pay increase. The retirement level of the Federal employee is based on the 5 years in which he receives his highest salary.

The so-called \$43 billion is an actuarial deficit that perhaps will occur in this fund in 30 years, because, as the distinguished Senator from Delaware has said, we did not properly fund in the early days of this enterprise and consequently we are missing nearly 10 years of the principal and accumulated interest of those reserves.

It was not until 1956 that we required the agencies each year to contribute 6½ percent in matching funds. Today there is \$16 billion cash in the fund. Each year we receive about \$2.7 billion income and we disburse \$1,500,000. It is not building up fast enough. We admit this. Actuarially, down the road, Congress will have to do something about it.

Why should we not do it today? This is the logical question that people ask. The administration is proposing and is committed to the proposition that we will have to blend the benefits of social security into our Federal retirement system. People under social security get more protection, particularly for wives and children, than we are giving under the program we have under the Federal retirement system for the early years.

Second, the amount that the people are paying for social security is running at a lesser rate. We will have to set a new rate, perhaps, because of the guarantee of social security benefits. People will find in Federal employment that this is a better system for the short-term worker who can leave proper protection for his family.

It would be a disservice to make it at this time and come back next year. We want to know the kind of program the administration proposes. It comes through the Committee on Finance. The Senator from Delaware is a member.

While we do want to raise the income of this fund so that the actuarial deficit will not occur, we want to be sure of what we are doing.

We are paying now 13 percent of payroll to meet the requirements of the program, and we have a deficit at the present time of twenty-two one-hundredths of 1 percent.

I believe it would be wise to reject the amendment at this time, but not to feel that we have disposed of the problem. We will dispose of it when the time comes, when social security protection is blended with the Federal retirement system.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. WILLIAMS of Delaware. What the administration may next year recommend with regard to extending social security benefits to Federal employees, or what the Congress may do in that connection has no effect on the civil service retirement fund.

If social security were extended to Federal employees it would be extended in a manner whereby there would be a tax levied on the employee and employer in the same way as it is on all other social security participants. It will be paid into the social security retirement fund and not commingled in the civil service fund. No one suggests differently.

As one always carrying the banner for this administration when I find them to be right, I point out that the administration is for this amendment. The President said that he wants it properly financed.

Of course, if there are those in his party who think the President had his tongue in his cheek when he advocated that it be properly financed, then let them vote against the amendment.

It is a case of whether we want to do it now or postpone it until after the election. We have been passing these liberalizations on civil service retirement for the last 20 years, and we have never changed the rates but once. This bill alone will add \$1,698,700,000 to the unfunded liability of the civil service retirement fund.

Mr. President, in this connection, I ask unanimous consent that a part of Mr. Ruddock's letter dated May 5, 1966, be printed at this point in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

<i>Unfunded liability under H.R. 14122</i>	
From report of the Cabinet Committee on Federal Staff Retirement Systems, H. Doc. No. 402, p. 25:	
	<i>Thousands</i>
55/30—60/20.....	\$283,000
Widows' remarriage.....	174,000
Child to age 22.....	6,000
Salary increases.....	880,000
Recomputation of annuities.....	355,700
Total, H.R. 14122.....	1,698,700
Unfunded liability present law (estimated as of June 30, 1966).....	43,637,602
Total after enactment of H.R. 14122.....	45,336,302

Mr. WILLIAMS of Delaware. The figures reflect the complete breakdown on the proposed cost of the provisions of this bill.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. There is a sufficient second.

The yeas and nays were ordered.

Mr. MONRONEY. Mr. President, the administration did not appear to ask for an increase in the employee's rate at this time, and as late as this morning the Bureau of the Budget had not asked for any increase in this rate.

I disagree strongly with the claim that the amount of the deficit would be incurred because of the retirement benefits alone.

I ask that the amendment be rejected.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. JAVITS. Mr. President, I wish to identify myself with the position of the Senator from Oklahoma [Mr. MONRONEY] on the bill and the facts and figures which have just been given. I shall join with him in opposing the amendment.

Mr. MONRONEY. We shall make every effort to meet the needs when we have the comparability established.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. MILLER. I wish to ask a question. I understand a great many people are deeply concerned about the possible blending of social security and the Federal retirement system. But forgetting that for a moment, what is wrong with having something like the amendment of the Senator from Delaware [Mr. WILLIAMS] taken to conference where the Budget people and the Civil Service people can get together at one-fourth of 1 percent or something less than that to properly finance the increase?

It seems to me that if the administration sent this over with the request that it be properly financed it is little enough for us to accede to it.

Mr. MONRONEY. The administration did not make that request.

Mr. MILLER. I understood the Senator from Delaware [Mr. WILLIAMS] to say that the request was that this be properly financed.

Mr. WILLIAMS of Delaware. The President said he was going to recommend liberalization of the retirement system properly financed. It is true that when the officials of the agency appeared before the committee they did not ask that it be done. That is typical of this Great Society. The President makes a statement for a balanced budget, and when he sends the officials down here they advocate the opposite.

I am not saying that the President had his tongue in his cheek, but others must think he did.

Mr. President, I ask unanimous consent that a letter from the Director of the Budget in connection with the costs of this bill be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE  
OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., April 30, 1966.

HON. JOHN J. WILLIAMS,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR WILLIAMS: I am glad to send you the following response to the four points of your letter of April 12, 1966, concerning H.R. 14122 as passed by the House of Representatives:

1. Estimated first year cost:



	Millions
Title I—Executive branch-----	\$394.7
Title II—Judicial branch-----	*2.2
Title III—Legislative branch-----	*1.4
Title IV—Miscellaneous-----	78.3
Title V—Civil service retirement-----	60.7
Title VI—Health benefits-----	48.0
Total-----	585.3

\*House report estimate

2. Projected Ten-Year cost: Inasmuch as we have no 10-year projections of employment by grade and within-grade step rate, we can only suggest the 10-year cost of the bill as \$5,853.0 million.

3. 1967 Budget Allowance: As you are aware, the Administration's pay proposals envisaged a January 1, 1967 effective date. Their fiscal 1967 cost would be \$243 million, which is covered in the allowance for contingencies in the 1967 budget. The full year cost of these proposals is \$485 million.

4. Recommendation: As the House Post Office and Civil Service Committee itself stated, in its report, H.R. 14122 exceeds the President's wage guideposts. The Committee report indicated a willingness to accept changes necessary to make the bill conform to the guideposts. H.R. 14122 also has an effective date of July 1, 1966, six months earlier than the date proposed by the Administration. This earlier effective date adds several hundreds of millions of dollars to FY 1967 budget costs during a period in which we can ill afford such increases. For these and other reasons recently spelled out by Civil Service Chairman John Macy and me in testimony before the Senate Committee on Post Office and Civil Service, we believe that H.R. 14122 needs important modifications in order to meet criteria of economic and fiscal responsibilities.

Sincerely,

CHARLES L. SCHULTZE,  
Director.

Mr. MONRONEY. The Bureau of the Budget is not now asking for an increase. The Ways and Means Committee of the House of Representatives also suggested that no action be taken on the social security matter by the Civil Service Committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. BASS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from Indiana [Mr. BAYH], the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. ELLENDER], the Senator from New York [Mr. KENNEDY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr. BASS], the Senator from Indiana [Mr.

BAYH], the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from New York [Mr. KENNEDY], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], and the Senator from New Jersey [Mr. WILLIAMS] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Michigan [Mr. GRIFFIN], the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senator from Massachusetts [Mr. SALTONSTALL], would vote "nay."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Pennsylvania [Mr. SCOTT]. If present and voting, the Senator from Wyoming would vote "yea" and the Senator from Pennsylvania would vote "nay."

The result was announced—yeas 18, nays 62, as follows:

#### [No. 130 Leg.]

#### YEAS—18

Allott	Hickenlooper	Murphy
Bennett	Jordan, Idaho	Russell, Ga.
Cooper	Lausche	Stennis
Dirksen	Long, La.	Thurmond
Dominick	Miller	Williams, Del.
Fannin	Morton	Young, Ohio

#### NAYS—62

Aiken	Hayden	Morse
Bartlett	Hill	Moss
Bible	Holland	Mundt
Boggs	Hruska	Muskie
Brewster	Inouye	Nelson
Burdick	Jackson	Pearson
Byrd, Va.	Javits	Pell
Byrd, W. Va.	Jordan, N.C.	Prouty
Cannon	Kennedy, Mass.	Proxmire
Carlson	Kuchel	Randolph
Case	Long, Mo.	Ribicoff
Church	Magnuson	Robertson
Cotton	Mansfield	Russell, S.C.
Curtis	McCarthy	Smith
Eastland	McGee	Sparkman
Ervin	McGovern	Talmadge
Fong	McIntyre	Tower
Fulbright	Metcalf	Tydings
Gore	Mondale	Yarborough
Harris	Monroney	Young, N. Dak.
Hartke	Montoya	

#### NOT VOTING—20

Anderson	Griffin	Saltonstall
Bass	Gruening	Scott
Bayh	Hart	Simpson
Clark	Kennedy, N.Y.	Smathers
Dodd	McClellan	Symington
Douglas	Neuberger	Williams, N.J.
Ellender	Pastore	

So the amendment of the Senator from Delaware [Mr. WILLIAMS] was rejected.

The PRESIDING OFFICER (Mr. RUSSELL of South Carolina in the chair). The bill is open to further amendment.

Mr. MONRONEY. Mr. President, I ask for the third reading.

Mr. CARLSON. I ask unanimous consent to have printed at this point in the RECORD an excellent analysis of the fringe benefits provided in the bill. The analysis was written by Jerry Kluttz and was published in the Washington Post this morning.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

#### SENATE TAKES UP FRINGE BENEFITS OF PAY BILL TODAY

(By Jerry Kluttz)

The controversy over the 2.9 per cent basic pay raise has overshadowed the attractive fringe benefits for Federal employees in the House approved bill to be debated today in the Senate.

Senate Majority Leader MIKE MANSFIELD looks for the Senate to approve the bill later today, and to return it to the House.

Many Federal employees are more interested in the fringes than they are in the small salary increase because the fringes could cover all 2.7 million Federal workers, while the pay raise is confined to the 1.8 million classified, postal and related employees. Besides, many employees stand to get several improved fringes.

This is a rundown of fringes in the bill before the Senate as recommended by its Post Office and Civil Service Committee:

Health Insurance: The Government would pay a larger share of the cost of this benefit, which covers nearly 7 million employees and members of their families.

The bill would require Uncle Sam to increase his contribution of self-only coverage from \$1.30 to \$1.68 each pay period, and from \$3.12 to \$4.10 for family coverage. Also, the U.S. would pay up to half the cost of retiree coverage.

Widows: Those who remarry after age 60 would continue to receive their survivor annuities, and those who remarry before age 60 could have their annuities reinstated after that date.

Survivors: Raises the maximum age from 21 to 22 for student survivors to receive annuity benefits, and a companion proposal would permit the children of a working mother who dies to receive survivor payments even though the husband also is a Federal employee.

Sunday Pay: Classifieds and per diems would be paid a 25 per cent differential for Sunday work. The full premium must be paid regardless of the length of time worked on a Sunday. Postal employees won this benefit a year ago.

Postal Overtime: Postal supervisors in Levels 8 and 9 would have to be paid in cash for overtime. Those in Levels 7 and above are supposed to be given compensatory time off for overtime but the supervisors complained they weren't always allowed to take it.

A companion provision would have the effect of paying junior supervisors as much or more than any employee they supervise.

Classified Overtime: The House approved a plan to pay overtime to classified employees after eight hours in any one day, and to boost the maximum rates for premium pay from the entrance rate of Grade 9 (now \$7479) to the starting rate of Grade 10 (now \$8184).

But the Senate committee amended the proposal to exempt from the daily overtime plan scientists, technical and professional personnel who are playing a larger and more significant role in Government. The salaries of the professional classes lag far behind pay rates in industry.

Unions: Full-time officers and employees of Federal employee unions could participate in the Federal employee life and health insurance programs, provided the total cost is paid by the employees and their unions.

Uniforms: Employees required to wear them on the job would be given a 25 per cent increase in allowances to buy them. Federal agencies would have the option to pay the sellers directly for the uniforms to prevent collusion between a few employees and merchants.

The PRESIDING OFFICER. If there be no further amendment to be proposed,



the question is on the engrossment of the committee amendment, as amended, and the third reading of the bill.

The committee amendment, as amended, was ordered to be engrossed, and the bill read a third time.

The bill was read the third time.

Mr. HARTKE. Mr. President, today the Senate is voting on an extremely important piece of legislation. I refer to the 1966 Federal Employees' Salary and Fringe Benefits Act, H.R. 14122. After some delay here in the Senate over an effective July 1 date, the measure is now before us for a final vote. I cannot emphasize enough, Mr. President, just how important this measure and this vote is, not only to the Federal worker, but to our Government as well.

Going back for a moment to 1962, when Congress enacted Public Law 87-793, the most important part of that law, briefly stated, is the requirement that a pay recommendation be presented to Congress every year. This was a very sound idea, Mr. President, and I know that a majority of my distinguished colleagues here in the Senate share that same feeling. However, the recommendation set out in Public Law 87-793 has served as a detriment to the Federal employee, rather than to his advantage, as it was intended to.

With Congress establishing the principal of a yearly salary recommendation and the administration establishing the principal of wage guidelines, it is now up to each and every Member of Congress to recognize the full scope of these principals and to see that they serve to achieve true comparability with private industry.

I have stated before, Mr. President, that up to and including this bill, the principal of comparability has broken faith with union and Government employee representatives when it comes time to negotiate salary contracts. Because of the administration's insistence that Congress adhere to so-called guidelines, all bargaining power and rights to negotiate have been wiped away.

If Congress is to be bound by governmentally imposed guidelines, then, Mr. President, let them at least be realistic ones which the Federal employee can live by. This would eliminate the necessity for these persons to go elsewhere for gainful monetary employment. I have numerous newspaper and magazine articles sent to me daily by Federal employees pointing out where this union, or a particular section of private industry has just been granted anywhere from a 3½-percent to a 6- or even 7-percent salary increase. The truth of the matter is that where Government salary negotiators end abruptly at 3.2 percent, that is where private industry starts and negotiates upward.

Mr. President, I say that we cannot continue to permit this double standard between private employees and Government employees. Too much dissension has already been created. Can we possibly expect public servants to be equal on less than comparable pay?

Mr. TOWER. Mr. President, I am pleased to have this opportunity to address the Senate in favor of the Federal

Employees' Salary Act of 1966. This act is an exemplary piece of legislation combining a fiscal responsibility too seldom seen recently in Federal financing with an urgently needed raise in pay for deserving Federal employees.

This is an important pay adjustment bill, but it is equally important for the Federal Government to take steps to assure that these increases are not eroded by inflation into a valueless gesture.

Let us simply note that Federal employees have been hurt in recent months by cost-of-living increases just as have all Americans. With federally induced inflation running at nearly 5 percent this year the average American family—including employees on fixed Federal payrolls—will lose \$1,124 in purchasing power. Over the last 5 years the same average family has lost a total of \$3,322 in purchasing power because of higher costs of living. Since 1959 inflation has, in effect, added a 12 percent "sales tax" penalty to every American's buying power. Today's dollar is the cheapest in our Nation's history. It is worth only 75 cents compared to the 1950 dollar and only 44 cents in relation to the 1940 dollar.

Now, we have heard a lot of people blamed for this inflation in recent weeks. But, certainly, nobody can legitimately blame the postman or the soil conservation worker or the scientist at the National Institutes of Health or the Veterans' Hospital employee for causing inflation. Federal employees are victims of inflation just like every other individual American. We cannot expect them to bear unaided the burdens caused by Federal deficit spending policies implemented by higher Government officials who are outside the civil service and postal service.

I have long favored responsible legislation granting just pay increases to civil service and postal employees. I voted for the 1965 pay adjustment bill. If we are to continue to attract the high caliber of people needed to operate the machinery of our Government and to administer the laws and programs we all have a part in enacting, then we must offer those people salaries and fringe benefits comparable to those offered in private industry and business.

This Federal Employees' Salary Act does much to maintain the attractiveness of a career in Government service. It provides for an average pay increase of 2.9 percent which is within the President's wage-price guideline limitation.

Included among the recipients of the raise are all employees subject to the four statutory schedules—the general schedule of the Classification Act, the postal field service schedule, and the schedules for employees in the Department of Medicine and Surgery in the Veterans' Administration and the Foreign Service. Employees in the offices of county committees under the Soil Conservation and Domestic Allotment Act will also benefit from this legislation. The pay raise will enable these Government employees to meet higher living costs which have resulted, in part, from other, less fiscally responsible Government spending.

The bill before us also provides for an across-the-board 10-percent increase in the annuities of widows of all Federal employees who died or retired prior to the Civil Service Retirement Act Amendments of October 1962. This increase will go to the group receiving the smallest average annuity at the present time. It provides these widows with an immediate and greatly needed income supplement but does not place too great a burden on the civil service retirement and disability fund or endanger the solvency of the entire program.

Mr. President, may I just add that I am especially pleased that this legislation does not include a raise in the pay of Members of Congress as have so many earlier Federal pay-raise bills. In the past, I have felt it necessary on occasion to vote against final passage of bills authorizing what I felt to be legitimate pay increases for Federal civilian employees because those bills have been burdened with unnecessary, unwarranted, and inflationary increases in the already adequate pay of Members of Congress. In such instances I always have supported attempts to amend those bills so as to obtain the civilian pay increases without the congressional increases.

This year it appears that the lesson has been learned. We have before us a bill prudently considered, carefully constructed, and vitally needed. I hope we can give it prompt and overwhelming approval.

There are two other matters of concern to Federal civilian employees, Mr. President, which I would like to call briefly to the attention of the Senate and which I hope we can deal with in subsequent bills.

One is the matter of homeowners facing serious financial losses on their property because the Federal installation they serve has been ordered closed down, and they must move. Last year, in the housing bill, we made relief programs available for these hard-pressed homeowners, but the Defense Department—perhaps they considered it a part of their so-called cost-reduction program—refused to request the authorized funds. So, no relief was forthcoming as Congress intended.

Once again this year, I have offered bills to accomplish this relief for both military and civilian personnel. I have asked the Armed Services Committee on which I served to coordinate its actions with the Housing Subcommittee on which I also serve and to study promptly both the needs and existing possible solutions to the housing problems of Defense Department personnel.

I have also introduced a bill (S. 3571) providing specific assistance for homeowners faced with base-closing situations. The first part of this bill incorporates the Defense Department's own current suggestions that it at least share with homeowners the losses taken by forced sale of homes. Additionally, my bill provides that such homeowners can secure from appropriate Federal agencies a moratorium on mortgage payments for up to 2 years. And, Federal agencies would be required to assist such homeowners with the sale of such houses.



Too much time has been wasted on this matter already. These bills deserve prompt attention and favorable action on behalf of all our military and civilian defense employees.

In addition, Mr. President, I support and will vote for H.R. 10607 when it comes before the Senate later this week. I am a cosponsor of the Senate version of this bill which would bring the Federal Government's policies on reimbursement of employees for moving expenses into line with the policies of the more progressive industries.

This bill provides an income-tax exemption for reimbursement expenses incurred by Federal employees transferred "at the pleasure of the Government," and would define as "reimbursable" expenses for such things as pretransfer travel to inspect the new location, pay during the period of the move, certain settling expenses and other costs.

The Civil Service Commission has called for adoption of this measure, along with the General Accounting Office and several Federal employee organizations.

This measure is vitally needed by those who by nature of their jobs are transferred from time to time and from city to city. These transfers are hard enough on the individual families who have to leave old friends and familiar communities to reestablish themselves elsewhere. At the same time these moves have been very hard on family budgets.

The cost of moving and of finding a suitable new home in a strange town is a considerable burden. Many private companies have recognized this and now assist their employees with the costs of such moves. However, previously families have been forced to pay income taxes on moving-reimbursement funds just as if it were additional salary.

Such income taxes simply reduce the level of assistance received by the family and mean that moving reimbursements do not really go as far as they are intended. It is only reasonable that this expense money be exempt from income taxation, and that is the purpose of H.R. 10607. It should be promptly enacted.

So, Mr. President, there are three matters with which the Senate can deal soon to assist our Federal employees—the pay bill, the moving expenses tax exemption, and the homeowner base-closing assistance measures. I hope we can enact them all.

Mr. SPARKMAN. Mr. President, I am pleased to have this opportunity to say a few words in support of the Federal Employees Salary Act in general and in behalf of the Alabama Federation of Postal Clerks in particular.

I have always strongly supported meaningful and realistic legislation intended to benefit Federal employees and their families. These dedicated public servants deserve recognition and status in their respective fields of endeavor much the same as honorable men and women engaged in private enterprise. It is absolutely necessary that legislation be enacted to provide them with salaries and fringe benefits commensurate with their counterparts in the private sector

of our economy. We need them and the stability and capability they possess.

Therefore, I strongly support this legislation and urge my colleagues to do likewise.

I would like to take a few minutes to discuss an organization that has contributed much to the welfare and well-being of all the people of Alabama. While I am most familiar with an Alabama organization, it has counterparts in every State of the Union which render an invaluable service to our people.

The Alabama Federation of Postal Clerks recently held their 40th annual convention in Birmingham. I had the honor of appearing before this wonderful group and learning firsthand of the excellent job they are doing throughout our great State.

As we all know, postal clerks play a vital role in the progress of our modern American economy. Our mail volume increases at a 2.5 billion rate annually. Yet, somehow, each year the postal clerks rise to meet this challenge. I salute them and their inventiveness in meeting the rapidly expanding and complex problems of this technical age.

Too often we have a tendency to take our postal system for granted. We have grown so accustomed to dropping our correspondence in the nearest mailbox and having it delivered swiftly and efficiently that we frequently fail to appreciate the amount of actual work that goes into its delivery.

Our population explosion is being accompanied by a "mail explosion." With this "mail explosion" the demands are increasing for greater skills on the part of those persons who handle the mail. The demand is also increasing for more people to do the job.

In order to recruit and maintain a vital postal service, it is imperative that we create a progressive environment conducive to the best postal service possible. If this Nation is to continue to maintain the high-level efficiency of the postal service, postal workers must be paid wages comparable to wages in private industry.

For these reasons, through the years I have searched for, sponsored, and voted for legislation which has provided better salaries and better fringe benefits for our postal workers. I expect to continue to do so.

In closing, I salute the Alabama postal clerks, and I know that they will meet the challenge of the "mail explosion" cheerfully, efficiently, and with determination.

Mr. LAUSCHE. Mr. President, I offered amendments to the pending bill and cast votes which I thought would improve the bill. The bill can be divided into two parts, parts that are good and parts that are bad. I have concluded finally that I shall vote for the bill because the good is in excess of that which is bad.

The PRESIDING OFFICER. The bill having been read the third time, the question is, shall it pass?

Mr. MONRONEY. Mr. President, on the passage of the bill, I ask for the yeas and nays.

The yeas and nays were ordered.

# LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, before the call of the roll, I wonder whether the majority leader or the assistant majority leader could say what the schedule will be for tomorrow and whether it is expected to take up the so-called child nutrition bill tonight.

Mr. MANSFIELD. Mr. President, it is anticipated that we shall take up Calendar No. 1328, S. 3035, at the conclusion of the pending business; and then to lay before the Senate Calendar No. 1326, S. 3112, a bill to amend the Clean Air Act, which will be the pending business for tomorrow.

That bill will be followed by the child nutrition bill, or the bill to amend the National School Lunch Act.

Some time during tomorrow afternoon, it is hoped that the distinguished Senator from Georgia [Mr. RUSSELL], chairman of the Committee on Armed Services, will be able to bring before the Senate the military procurement conference report, after it has been agreed to by the House. That, by the way, will place the military on the same basis as the civilian employees of the Government, so far as the effective date of the pay raise is concerned.

Mr. RUSSELL of Georgia. The Senator from Montana is correct. Under the provisions of that bill, the date upon which the civilian employee's pay increase becomes effective will likewise apply to the 3-percent raise allowed those serving in the Armed Forces of the country.

Mr. MANSFIELD. I thank the distinguished Senator from Georgia.

## FEDERAL EMPLOYEES PAY ACT OF 1966

The Senate resumed the consideration of the bill (H.R. 14122) to adjust the rates of basic compensation of certain employees of the Federal Government and for other purposes.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Tennessee [Mr. BASS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Connecticut [Mr. DODD], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from Oregon [Mrs. NEUBERGER] and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from Illinois [Mr. DOUGLAS], the Senator from Louisiana [Mr. ELLENDER], the Senator from New York [Mr. KENNEDY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS], the Senator from New Jersey [Mr. WILLIAMS] are necessarily absent.

I further announce that, if present and voting, the Senator from Tennessee [Mr.



BASS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], the Senator from New York [Mr. KENNEDY], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], the Senator from Florida [Mr. SMATHERS] and the Senator from New Jersey [Mr. WILLIAMS] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Michigan [Mr. GRIFFIN], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from Wyoming [Mr. SIMPSON] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is absent because of illness.

If present and voting, the Senator from Michigan [Mr. GRIFFIN], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Pennsylvania [Mr. SCOTT], and the Senator from Wyoming [Mr. SIMPSON] would each vote "yea."

The result was announced—yeas 81, nays 0, as follows:

## [No. 131 Leg.]

## YEAS—81

Aiken	Hartke	Morse
Allott	Hayden	Morton
Bartlett	Hickenlooper	Moss
Bayh	Hill	Mundt
Bennett	Holland	Murphy
Bible	Hruska	Muskie
Boggs	Inouye	Nelson
Brewster	Jackson	Pearson
Burdick	Javits	Pell
Byrd, Va.	Jordan, N.C.	Prouty
Byrd, W. Va.	Jordan, Idaho	Proxmire
Cannon	Kennedy, Mass.	Randolph
Carlson	Kuchel	Ribicoff
Case	Lausche	Robertson
Church	Long, Mo.	Russell, S.C.
Cooper	Long, La.	Russell, Ga.
Cotton	Magnuson	Smith
Curtis	Mansfield	Sparkman
Dirksen	McCarthy	Stennis
Dominick	McGee	Talmadge
Eastland	McGovern	Thurmond
Ervin	McIntyre	Tower
Fannin	Metcalf	Tydings
Fong	Miller	Williams, Del.
Fulbright	Mondale	Yarborough
Gore	Monroney	Young, N. Dak.
Harris	Montoya	Young, Ohio

## NAYS—0

## NOT VOTING—19

Anderson	Gruening	Scott
Bass	Hart	Simpson
Clark	Kennedy, N.Y.	Smathers
Dodd	McClellan	Symington
Douglas	Neuberger	Williams, N.J.
Ellender	Pastore	
Griffin	Saltonstall	

So the bill (H.R. 14122) was passed.

Mr. MANSFIELD. Mr. President, with the unanimous passage of the pay raise bill today the employees of our Federal Government are once again indebted to the distinguished senior Senator from Oklahoma [Mr. MONRONEY] for his strong and articulate leadership on their behalf. So often has he devoted his vast and able efforts to their welfare. And once again he has achieved success—overwhelming success, at that.

The ranking minority member of the Committee on Post Office and Civil Service [Mr. CARLSON] is similarly to be praised for his unfailing support of legislation on behalf of the Nation's Federal

workers. The pay raise victory today is just another triumph in a long line of important achievements obtained under his highly able cooperative leadership.

Also the chairman of the Postal Affairs Subcommittee [Mr. YARBOROUGH] deserves commendation for his long and arduous endeavors both in committee and on the floor today. He indeed is to share in this great success.

Other Senators of course contributed to assure unanimous passage. Particularly noteworthy was the characteristically strong and able support of the senior Senators from Washington [Mr. MAGNUSON] and Indiana [Mr. HARTKE], who were joined by the Senators from New York [Mr. JAVITS] and West Virginia [Mr. RANDOLPH]. Additionally, the able minority leader [Mr. DIRKSEN] and the Senators from Delaware [Mr. WILLIAMS] and Ohio [Mr. LAUSCHE] are to be commended for making orderly and efficient action a certainty.

To the Senate as a whole I am grateful once again for uniting in a cooperative effort to achieve the disposition of this measure today.

Mr. TYDINGS. Mr. President, this is a banner day for Federal employees. The Senate has passed not only the Federal pay raise bill, but also a milestone piece of legislation to reimburse Federal employees for their moving expenses when their Government jobs require them to move to another locality.

The moving expenses bill passed today is virtually identical to S. 2516, which I introduced last September 13. The bill passed today, H.R. 10607, was introduced in the House by Mr. ROSENTHAL. S. 2516 was its Senate companion.

The Federal Government is making an effort as never before to improve the quality of its civil servants by increasing the appeal of a career in the Government. The President, as is well known, has sought to attract to the Federal service the most valuable and capable people in the Nation, and to retain the qualified people already in the Federal service. The recent pay raises, designed to bring our Federal salary standards closer to those of the private sector of the economy, are another example of the efforts to upgrade our civil service. A third example is provided by the management intern program whose goal is to select and train promising individuals for high Government posts.

These are worthwhile steps toward a worthwhile goal. Our Federal Government must attract the most qualified personnel possible. The problems of today require no less.

In this era, an efficient government is a mobile government. The functions of the Federal Government are spread throughout the United States. Federal employees frequently must move so as to keep the performance of regional offices at the highest level.

Yet more and more Federal employees are reluctant to move, even with the incentives of pay grade increases. This is so because there is a definite, sizable gap between what it costs to move and the amount of that cost which is assumed by the Federal Government. John W. Macy,

head of the Civil Service Commission, believes that this gap is the most important single factor in the reluctance of Government employees to move. Mr. President, we must eliminate that gap.

When a Federal employee is asked to move for the improved operation of the Government, he must make a difficult decision. If he has children, he must take them from their school to another, a move which rarely is pleasant for anyone concerned. If he has his own house, he must dispose of it. This always involves certain costs of selling, such as closing costs, and brokerage fees. It may also involve a loss of the employees equity investment. To find a new home, he must make a househunting trip at his own expense.

When an employee moves, he must pay his family's living expenses while enroute from the old home to the new. If, by the time he is required to begin work in his new location, he has not found permanent lodgings, he must occupy temporary quarters, often at quite considerable expense—his own expense. If his new quarters are such that he cannot find room for all of his household goods, he must store much of his furniture—again at his own expense.

I do not think it fair to the employee or in the best interest of the Government to require him to bear these expenses himself. Almost all large businesses offer their employees generous moving allowances. If the Federal Government expects to compete with private industry for qualified personnel it must not lag behind industry in the consideration given to the moving expenses of its employees.

Nonetheless, we cannot repay Federal employees for the intangible and psychological costs of moving from their circle of friends, for the difficulties their children suffer when they move from one school to another, for the unpleasantness of tearing up their roots in the community. To absorb these social costs, we must depend upon the devotion of Federal employees to their Government.

But, Mr. President, we should do what we can to mitigate this financial burden upon employees who are required to relocate.

The Civil Service Commission has surveyed those employees who moved for the good of the Government in fiscal 1962. The conclusions cry for action. More than 4 out of 5 employees lost money on their moves, and the losses were significant. The average loss was \$558. Approximately 17 percent of the movers lost more than \$1,000. The average loss on closing costs for selling a home was \$677. Needless to say, Federal employees are generally not rich men.

Both the Civil Service Commission and the President are anxious to see the burden of moving lifted from the shoulders of the Government employee. I agree with them, and accordingly I submitted S. 2516 to make our Federal service more equitable, more mobile, and more efficient.

Accordingly, I am extremely pleased that the Senate has now cleared this bill for the President's signature.



# PROGRAM FOR THE PRESERVATION OF ADDITIONAL HISTORIC PROPERTIES THROUGHOUT THE NATION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1328, S. 3035.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3035) to establish a program for preservation of additional historic properties throughout the Nation, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment to strike out all after the enacting clause and insert:

The Congress finds and declares—

(a) that the spirit and direction of the Nation are founded upon and reflected in its historic past;

(b) that the historical and cultural foundations of the Nation should be preserved as a living part of our community life and development in order to give a sense of orientation to the American people;

(c) that, in the face of ever-increasing extensions of urban centers, highways, and residential, commercial, and industrial developments, the present governmental and non-governmental historic preservation programs and activities are inadequate to insure future generations a genuine opportunity to appreciate and enjoy the rich heritage of our Nation; and

(d) that, whereas the major burdens of historic preservation have been borne, and major efforts initiated by private agencies and individuals, and both should continue to play a vital role, it is nevertheless necessary and appropriate for the Federal Government to accelerate its historic preservation programs and activities, and to assist State and local governments and the National Trust for Historic Preservation in the United States to expand and accelerate their historic preservation programs and activities.

## TITLE I

Sec. 101. (a) The Secretary of the Interior is authorized—

(1) to expand and maintain a national register of districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, and culture, hereinafter referred to as the National Register, and to grant funds to States for the purpose of preparing comprehensive statewide historic surveys and plans, in accordance with criteria established by the Secretary, for the preservation, acquisition, and development of such properties; and

(2) to establish a program of matching grants-in-aid to States, and to the National Trust for Historic Preservation in the United States, chartered by Act of Congress approved October 26, 1949 (63 Stat. 927), as amended, for projects having as their purpose the preservation for public benefit of properties that are significant in American history, architecture, archeology, and culture.

(b) As used in this Act—

(1) The term "State" includes, in addition to the several States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(2) The term "project" means programs of State and local governments and other

public bodies and private organizations and individuals for the acquisition of title or interests in, and for the development of, any district, site, building, structure, or object that is significant in American history, architecture, archeology, and culture, or property used in connection therewith, and for its development in order to assure the preservation for public benefit of any such historical properties.

(3) The term "historic preservation" includes the protection, rehabilitation, restoration, and reconstruction of districts, sites, buildings, structures, and objects significant in American history, architecture, archeology, or culture.

(4) The terms "Secretary" means the Secretary of the Interior.

Sec. 102. (a) No grant for a project may be made under this Act—

(1) unless application therefore is submitted to the Secretary in accordance with regulations and procedures prescribed by him;

(2) unless the application is in accordance with the comprehensive statewide historic preservation plan which has been approved by the Secretary after considering its relationship to the comprehensive statewide outdoor recreation plan prepared pursuant to the Land and Water Conservation Fund Act of 1965 (78 Stat. 897);

(3) for more than 50 per centum of the total cost of the project, as determined by the Secretary and his determination shall be final;

(4) unless the grantee has agreed to make such reports, in such form and containing such information as the Secretary may from time to time require;

(5) unless the grantee has agreed to assume, after completion of the project, the total cost of the continued maintenance, repair, and administration of the property in a manner satisfactory to the Secretary; and

(6) until the grantee has complied with such further terms and conditions as the Secretary may deem necessary or advisable.

(b) The Secretary may in his discretion waive the requirements of subsection (a), paragraphs (2) and (5) of this section for any grant for projects under this Act to the National Trust for Historic Preservation in the United States, in which case a grant to the National Trust may include funds for the maintenance, repair, and administration of the property in a manner satisfactory to the Secretary.

(c) No State shall be permitted to utilize the value of real property obtained before the date of approval of this Act in meeting the remaining cost of a project for which a grant is made under this Act.

Sec. 103. (a) The amounts appropriated and made available for grants to the States for comprehensive statewide historic surveys and plans under this Act shall be apportioned among the States by the Secretary on the basis of needs as determined by him: *Provided, however,* That the amount granted to any one State shall not exceed 50 per centum of the total cost of the comprehensive statewide historic survey and plan for that State, as determined by the Secretary.

(b) The amounts appropriated and made available for grants to the States for projects under this Act for each fiscal year shall be apportioned among the States by the Secretary in accordance with needs as disclosed in approved statewide historic preservation plans.

The Secretary shall notify each State of its apportionment, and the amounts thereof shall be available thereafter for payment to such State for projects in accordance with the provisions of this Act. Any amount of any apportionment that has not been paid or obligated by the Secretary during the fiscal year in which such notification is given, and for two fiscal years thereafter, shall be reap-

portioned by the Secretary in accordance with this subsection.

Sec. 104. (a) No grant may be made by the Secretary for or on account of any survey or project under this Act with respect to which financial assistance has been given or promised under any other Federal program or activity, and no financial assistance may be given under any other Federal program or activity for or on account of any survey or project with respect to which assistance has been given or promised under this Act.

(b) In order to assure consistency in policies and actions under this Act with other related Federal programs and activities, and to assure coordination of the planning, acquisition and development assistance to States under this Act with other related Federal programs and activities, the President may issue such regulations with respect thereto as he deems desirable, and such assistance may be provided only in accordance with such regulations.

Sec. 105 The beneficiary of assistance under this Act shall keep such records as the Secretary shall prescribe, including records which full disclose the disposition by the beneficiary of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

Sec. 106. The head of any Federal agency having direct or indirect jurisdiction over a proposed Federal or federally assisted project in any State shall, prior to the approval of the expenditure of any Federal funds on the project, take into account the effect of the project on any district, site, building, structure, or object that is included in the National Register, and, if any such historical properties are affected, report such effect to the National Advisory Council on Historic Preservation established under title II of this Act for its consideration. There shall be a sixty-day waiting period, beginning on the date a report is made to the National Advisory Council on Historic Preservation, before Federal funds may be expended for the project concerned.

Sec. 107. There are authorized to be appropriated not to exceed \$2,000,000 to carry out the provisions of this title for fiscal year 1967, and not more than \$10,000,000 for each of the three succeeding fiscal years. Such appropriations shall be available for the financial assistance authorized by this title and for the administrative expenses of the Secretary in connection therewith, and shall remain available until expended.

## TITLE II

Sec. 201. (a) There is established a National Advisory Council on Historic Preservation (hereinafter referred to as the "Council") which shall be composed of seventeen members as follows:

- (1) The Secretary of the Interior.
- (2) The Secretary of Housing and Urban Development.
- (3) The Secretary of Commerce.
- (4) The Administrator of the General Services Administration.
- (5) The Secretary of the Treasury.
- (6) The Attorney General.
- (7) The Chairman of the National Trust for Historic Preservation.

(8) Two appointed by the President from a panel of at least four Governors submitted by the Governors' conference.

(9) Two appointed by the President from a panel of at least four mayors submitted jointly by the United States Conference of Mayors and the National League of Cities.

(10) One appointed by the President from a panel of at least two county officials submitted by the National Association of Counties.









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10. RECREATION. Sen. Nelson spoke in favor of the bill to establish a program for the preservation of additional historic properties throughout the Nation. pp. 14539-40
11. STATION TRANSFERS. Sen. Tower commended passage of legislation to provide for reimbursement of certain moving expenses of Government employees. p. 14540
12. EDUCATION. Sen. Dominick commended and inserted a speech, "Aiding Higher Education Through Income Tax Credits for Tuitions and Gifts." pp. 14556-61
13. LIVESTOCK. Sen. Tower inserted a resolution favoring an expansion of facilities of the Packers and Stockyards Division of this Department. p. 14542
14. PARITY PRICES. Sen. Church commended and inserted an article praising the role of Sen. McGovern in drafting and sponsoring recently passed S. Con. Res. 88, relative to parity prices for agricultural commodities. pp. 14540-1

HOUSE

15. SCREW-WORM. Concurred in Senate amendments to H. R. 14888, to authorize this Department to cooperate in screw-worm eradication in Mexico. This bill will now be sent to the President. p. 14625
16. PERSONNEL; PAY. Concurred in Senate amendments to H. R. 14122, the proposed Federal Employees' Salary Act of 1966. This bill will now be sent to the President. pp. 14637-43, 14705
17. FOREIGN AID. Began debate on H. R. 15750, the foreign aid authorization bill. pp. 14644-64, 14695
18. LANDS. A subcommittee of the Interior and Insular Affairs Committee approved for full committee consideration, S. 1674, amended, to authorize the Secretary of the Interior to make disposition of geothermal steam and associated geothermal resources (including certain Forest Service lands); p. D611
19. WATER AND AIR POLLUTION. Rep. Clarence J. Brown, Jr., spoke in support of his bill, H. R. 16078, to allow an incentive tax credit for the cost of construction of facilities for the control of water and air pollution. p. 14625
20. RECLAMATION. Rep. Saylor commended and inserted an article opposing the proposed construction of Central Arizona project dams on the Colorado River. p. 14626
21. FOOD IRRADIATION. Reps. Price and Bates praised the possible long-range benefits of food irradiation and urged additional research and development in this area. pp. 14668-70
22. TRUTH-IN-PACKAGING. Rep. Arends stated that there is "some merit" in the truth-in-packaging bill but that he does not believe "that the Secretary of Commerce should have the authority to compel uniformity in packaging," and inserted an article on the subject. pp. 14671-2
23. INTERGOVERNMENTAL RELATIONS. Rep. Younger inserted a speech, "Federal Grants and the Decline of the Federal System." pp. 14672-6

24. WAR ON POVERTY. Rep. Gibbons commended the Jobs Corps and other aspects of the war on poverty and inserted some articles on the subject. pp. 14703-5
25. DEMONSTRATION CITIES. Rep. Hansen, Iowa, inserted an American Institute of Architects resolution favoring the demonstration cities program as included in H. R. 15890, the proposed Housing and Urban Development Act of 1966. p. 14701

#### ITEMS IN APPENDIX

26. RECREATION. Sen. Randolph inserted Sen. Byrd's article describing the beauty of the Spruce Knob-Seneca Rocks National Recreation Area. p. A3605
27. WORLD HUNGER. Rep. Hanna inserted an article, "World Hunger: Enemy of Prosperity." pp. A3624-7
28. PERSONNEL. Rep. Gubser inserted a speech, "What Price Competence?", discussing the problem of attracting the best possible people into Government service. pp. A3633-4
29. FARMERS. Extension of remarks of Rep. Callan commending and inserting an article, "The American Farmer--God Bless Him." p. A3637
30. WATERSHEDS. Extension of remarks of Rep. Bandstra expressing his "deep concern over the Bureau of the Budget's recently adopted policy with regard to new projects under the U. S. Soil Conservation Service watershed program." p. A3641
31. FOREIGN AID; WHEAT. Speech in the House by Rep. Ashbrook questioning the President's proposal to give India wheat, and inserting an article, "India: Too Poor To Be Effective--Too Big To Be Ignored." pp. A3646-9

#### BILLS INTRODUCED

32. LOANS. S. 3606 by Sen. Talmadge, to provide assistance to first processors of agricultural commodities who have suffered substantial losses because of the economic impact of commodity programs of the Department of Agriculture; to Agriculture and Forestry Committee.
33. PESTICIDES. S. 3608 by Sen. Nelson, to prohibit the sale or shipment for use in the United States of the chemical compound known as D.D.T.; to Agriculture and Forestry Committee. Remarks of author pp. 14517-526
34. FISH PROTEIN. H. R. 16145 by Rep. Hanna and H. R. 16173 by Rep. Tupper, to authorize the Secretary of the Interior to develop, through the use of experiment and demonstration plants, practicable and economic means for the production by the commercial fishing industry of fish protein concentrate; to Merchant Marine and Fisheries Committee. Remarks of Rep. Hanna, pp. 14700-1
35. EDUCATION. H. R. 16142 by Rep. Ford, to amend Public Law 874, 81st Congress, with respect to the administration of certain federally operated schools; to Education and Labor Committee.



off aggression, and in achieving the peace and preserving it for ourselves, the free world and our posterity.

Mr. RIVERS of South Carolina. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. RIVERS of South Carolina. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 358, nays 2, not voting 72, as follows:

[Roll No. 159]

YEAS—358

Abernethy	Clevenger	Grider
Adair	Collier	Griffiths
Adams	Conte	Gross
Addabbo	Cooley	Grover
Albert	Corbett	Gubser
Anderson, Ill.	Craley	Gurney
Anderson, Tenn.	Culver	Hagan, Ga.
Andrews	Curtin	Haley
George W.	Curtis	Hall
Andrews	Daddario	Halleck
Glenn	Dague	Halpern
Andrews	Daniels	Hamilton
N. Dak.	Davis, Ga.	Hanley
Annunzio	Davis, Wis.	Hanna
Arends	Dawson	Hansen, Iowa
Ashbrook	de la Garza	Hardy
Ashley	Dent	Harvey, Ind.
Ashmores	Denton	Hathaway
Aspinall	Derwinski	Hawkins
Ayres	Devine	Hays
Barrett	Dickinson	Hébert
Bates	Diggs	Hechler
Battin	Dirigell	Helstoski
Beckworth	Dole	Henderson
Belcher	Donohue	Herlong
Bennett	Dorn	Hicks
Berry	Dowdy	Hollifield
Betts	Dulski	Holland
Bingham	Duncan, Oreg.	Horton
Blatnik	Duncan, Tenn.	Hosmer
Boggs	Dwyer	Howard
Boland	Dyal	Hull
Bolling	Edmondson	Hungate
Bolton	Edwards, Ala.	Huot
Bow	Edwards, Calif.	Hutchinson
Brademas	Erlenborn	Ichord
Bray	Evans, Colo.	Irwin
Brock	Everett	Jacobs
Brooks	Fallon	Jarman
Broomfield	Farbstein	Jennings
Brown, Clarence J., Jr.	Fascell	Joelson
Broyhill, N.C.	Feighan	Johnson, Calif.
Broyhill, Va.	Findley	Johnson, Okla.
Buchanan	Fino	Johnson, Pa.
Burke	Flood	Jonas
Burleson	Fogarty	Jones, Mo.
Burton, Calif.	Foley	Jones, N.C.
Burton, Utah	Ford, Gerald R.	Karsten
Byrne, Pa.	William D.	Kerth
Byrnes, Wis.	Fountain	Kastenmeyer
Cabell	Fraser	Kee
Cahill	Frelinghuysen	Keith
Callan	Friedel	Kelly
Cameron	Fulton, Pa.	King, Calif.
Carey	Fuqua	King, Utah
Carter	Gallagher	Kirwan
Casey	Gathings	Kluczynski
Cederberg	Gentys	Kornegay
Chamberlain	Calmo	Kunkel
Chelf	Gibbons	Kupferman
Clancy	Gilbert	Langen
Clark	Gonzalez	Latta
Clausen	Goodell	Leggett
Don H.	Grabowski	Lennon
Clawson, Del.	Gray	Lipscomb
Cleveland	Green, Pa.	Long, La.
	Greigg	Long, Md.

Love	Patten	Sikes
McCarthy	Pelly	Sisk
McClary	Pepper	Skubitz
McCulloch	Perkins	Slack
McDade	Philbin	Smith, Calif.
McDowell	Pickle	Smith, N.Y.
McEwen	Pike	Springer
McGrath	Pirnie	Stafford
McMillan	Poage	Staggers
McVicker	Poff	Stalbaum
Macdonald	Price	Stanton
MacGregor	Pucinski	Stratton
Machen	Purcell	Stubblefield
Mackay	Quile	Sullivan
Mackie	Quillen	Sweeney
Madden	Race	Talcott
Mahon	Randall	Taylor
Mailliard	Redlin	Teague, Calif.
Marsh	Rees	Teague, Tex.
Martin, Mass.	Reid, Ill.	Tenzer
Martin, Nebr.	Reid, N.Y.	Thomas
Matthews	Reifel	Thomson, Wis.
May	Reinecke	Todd
Meeds	Reuss	Tupper
Michel	Rhodes, Ariz.	Tuten
Miller	Rhodes, Pa.	Udall
Minish	Rivers, S.C.	Utt
Minshall	Roberts	Vanik
Mize	Rodino	Vigorito
Moeller	Rogers, Colo.	Vivian
Monagan	Rogers, Fla.	Waggonner
Moore	Rogers, Tex.	Waldie
Moorehead	Ronan	Walker, N. Mex.
Morgan	Roncalio	Watkins
Morrison	Rooney, N.Y.	Watson
Morse	Rooney, Pa.	Watts
Morton	Rosenthal	Weltner
Mosher	Rostenkowski	Whalley
Moss	Roudebush	White, Idaho
Muller	Roush	White, Tex.
Murphy, Ill.	Roybal	Whitener
Murphy, N.Y.	Rumsfeld	Widnall
Natcher	Ryan	Williams
Nedzi	Satterfield	Willson, Bob
Nelsen	St Germain	Willson
Nix	St. Onge	Charles H.
O'Brien	Saylor	Wolf
O'Hara, Ill.	Schisler	Wright
O'Hara, Mich.	Schneebell	Wyatt
Olson, Minn.	Schweiker	Wydler
O'Neill, Mass.	Searest	Yates
Ottinger	Selden	Young
Passman	Shipley	Younger
Patman	Shriver	Zablocki

NAYS—2

Brown, Calif.

Cohelan

NOT VOTING—72

Abbott	Gilligan	Powell
Bandstra	Green, Oreg.	Resnick
Baring	Hagen, Calif.	Rivers, Alaska
Bell	Hansen, Idaho	Robison
Callaway	Hansen, Wash.	Scheuer
Celler	Harsha	Schmidhauser
Colmer	Harvey, Mich.	Scott
Conable	Jones, Ala.	Senner
Conyers	Keogh	Sickles
Corman	King, N.Y.	Smith, Iowa
Cramer	Laird	Smith, Va.
Cunningham	Landrum	Steed
Delaney	McFall	Stephens
Dow	Martin, Ala.	Thompson, N.J.
Downing	Mathias	Thompson, Tex.
Edwards, La.	Matsunaga	Toll
Ellsworth	Mills	Trimble
Evin, Tenn.	Mink	Tuck
Farnsley	Morris	Tunney
Farnum	Murray	Ullman
Fisher	O'Konski	Van Deerlin
Flynt	Olsen, Mont.	Walker, Miss.
Fulton, Tenn.	O'Neal, Ga.	Whitten
Garmatz	Pool	Willis

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Keogh with Mr. Laird.  
Mrs. Hansen of Washington with Mr. O'Konski.  
Mr. Garmatz with Mr. Mathias.  
Mr. Delaney with Mr. King of New York.  
Mr. Corman with Mr. Bell.  
Mr. Farnum with Mr. Harvey of Michigan.  
Mr. Gilligan with Mr. Cunningham.

Mr. Landrum with Mr. Cramer.  
Mr. Thompson of New Jersey with Mr. Conable.  
Mr. Evans of Tennessee with Mr. Hansen of Idaho.  
Mr. Smith of Virginia with Mr. Martin of Alabama.  
Mr. Sickles with Mr. Harsha.  
Mr. Bandstra with Robison.  
Mr. McFall with Mr. Ellsworth.  
Mr. Rivers of Alaska with Mr. Callaway.  
Mr. Flynt with Mr. Walker of Mississippi.  
Mr. O'Neal of Georgia with Mr. Smith of Iowa.  
Mr. Senner with Mr. Scott.  
Mr. Jones of Alabama with Scheuer.  
Mr. Baring with Mr. Powell.  
Mr. Pool with Mr. Resnick.  
Mr. Matsunaga with Mr. Tuck.  
Mr. Trimble with Mr. Toll.  
Mr. Celler with Mr. Conyers.  
Mr. Downing with Mr. Dow.  
Mr. Edwards of Louisiana with Mrs. Green.  
Mr. Morris with Mrs. Mink.  
Mr. Mills with Mr. Ullman.  
Mr. Thompson of Texas with Mr. Stephens.  
Mr. Steed with Mr. Murray.  
Mr. Van Deerlin with Mr. Willis.  
Mr. Farnsley with Mr. Fulton of Tennessee.  
Mr. Colmer with Mr. Fisher.  
Mr. Tunney with Mr. Whitten.  
Mr. Olsen of Montana with Mr. Schmidhauser.  
Mr. Hagen of California with Mr. Abbitt.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

#### AN ACT TO ADJUST THE RATES OF BASIC COMPENSATION OF CERTAIN EMPLOYEES OF THE FEDERAL GOVERNMENT

Mr. MORRISON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 14122), an act to adjust the rates of basic compensation of certain employees of the Federal Government and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That this Act may be cited as the 'Federal Salary and Fringe Benefits Act of 1966'."

"TITLE I—EXECUTIVE BRANCH

"Short title

"SEC. 101. This title may be cited as the 'Federal Employees Salary Act of 1966'.

"Employees subject to Classification Act of 1949

"SEC. 102. (a) Section 603(b) of the Classification Act of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113(b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:



“Postal field service employees

grade of the General Schedule for such officer or employee which was in effect (with-out regard to this Act) at the time of such promotion.

“Sec. 104. (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:

“(a) There is established a basic compen-sation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be ‘PFS’. Except as pro-vided in sections 3543 and 3544 of this title, basic compensation shall be paid to all em-ployees in accordance with such schedule.

“New appointments under Classification Act of 1949

“SEC. 103. Section 801 of the Classification Act of 1949, as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new appointments, is amended by striking out ‘grade 13’ and in-ser-ting in lieu thereof ‘grade 11’.

“(b) Except as provided in section 504(d) of the Federal Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C. 1173(d)), the rates of basic compensation of officers and employees to whom the compensation schedule set forth in subsection (a) of this section applies shall be initially adjusted as of the effective date of this section, as follows:

“Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6	5,867	6,055	6,243	6,431	6,619	6,807	6,995	7,183	7,371	7,559
GS-7	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9	7,696	7,957	8,218	8,479	8,740	8,999	9,258	9,517	9,776	10,035
GS-10	8,321	8,709	9,097	9,485	9,873	10,261	10,649	11,037	11,425	11,813
GS-11	9,221	9,596	9,971	10,346	10,721	11,096	11,471	11,846	12,221	12,596
GS-12	10,273	11,306	12,339	13,372	14,405	15,438	16,471	17,504	18,537	19,570
GS-13	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	26,105	26,775
GS-17	22,760	23,520	24,280	25,040	25,800	26,560	27,320	28,080	28,840	29,600
GS-18	25,890	26,760	27,630	28,500	29,370	30,240	31,110	31,980	32,850	33,720

“(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate be-tween two rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the higher of the two cor-responding rates in effect on and after such date.

“(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

“(3) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

“(4) If the officer or employee, immedi-ately prior to the effective date of this sec-tion, is receiving, pursuant to section 2(b) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208 of the Act of September 1, 1954 (68 Stat.

“(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

“(a) There is established a basic com-pensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be ‘RCS’. Compensation shall be paid to rural carrier in accordance with this schedule.

“(b) Section 3544(a) of title 39, United States Code, is amended to read as follows:

“(a) There is established a basic compen-sation schedule, which shall be known as the Fourth Class Office Schedule and for which the symbol shall be ‘FOS’, for post-masters in post offices of the fourth class, which is based on the revenue units of the post office for the preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accord-ance with this schedule.

“(a) There is established a basic compen-sation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be ‘PFS’. Except as pro-vided in sections 3543 and 3544 of this title, basic compensation shall be paid to all em-ployees in accordance with such schedule.

“POSTAL FIELD SERVICE SCHEDULE

“PFS	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
1	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455
2	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893
3	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413
4	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
5	5,867	6,055	6,243	6,431	6,619	6,807	6,995	7,183	7,371	7,559
6	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
7	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
8	7,696	7,957	8,218	8,479	8,740	8,999	9,258	9,517	9,776	10,035
9	8,321	8,709	9,097	9,485	9,873	10,261	10,649	11,037	11,425	11,813
10	9,221	9,596	9,971	10,346	10,721	11,096	11,471	11,846	12,221	12,596
11	10,273	11,306	12,339	13,372	14,405	15,438	16,471	17,504	18,537	19,570
12	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
13	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
14	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
15	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	26,105	26,775
16	22,760	23,520	24,280	25,040	25,800	26,560	27,320	28,080	28,840	29,600
17	25,890	26,760	27,630	28,500	29,370	30,240	31,110	31,980	32,850	33,720
18	29,020	29,990	30,960	31,930	32,900	33,870	34,840	35,810	36,780	37,750
19	32,150	33,220	34,290	35,360	36,430	37,500	38,570	39,640	40,710	41,780
20	35,280	36,450	37,620	38,790	39,960	41,130	42,300	43,470	44,640	45,810

“(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

“(a) There is established a basic com-pensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be ‘RCS’. Compensation shall be paid to rural carrier in accordance with this schedule.

“RURAL CARRIER SCHEDULE

“Per annum rates and steps									
1	2	3	4	5	6	7	8	9	10
1	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319
2	2,507	2,623	2,739	2,855	2,971	3,087	3,203	3,319	3,435
3	2,623	2,739	2,855	2,971	3,087	3,203	3,319	3,435	3,551
4	2,739	2,855	2,971	3,087	3,203	3,319	3,435	3,551	3,667
5	2,855	2,971	3,087	3,203	3,319	3,435	3,551	3,667	3,783
6	2,971	3,087	3,203	3,319	3,435	3,551	3,667	3,783	3,899
7	3,087	3,203	3,319	3,435	3,551	3,667	3,783	3,899	4,015
8	3,203	3,319	3,435	3,551	3,667	3,783	3,899	4,015	4,131
9	3,319	3,435	3,551	3,667	3,783	3,899	4,015	4,131	4,247
10	3,435	3,551	3,667	3,783	3,899	4,015	4,131	4,247	4,363

“(c) Section 3544(a) of title 39, United States Code, is amended to read as follows:

“(a) There is established a basic compen-sation schedule, which shall be known as the Fourth Class Office Schedule and for which the symbol shall be ‘FOS’, for post-masters in post offices of the fourth class, which is based on the revenue units of the post office for the preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accord-ance with this schedule.



## "FOURTH CLASS OFFICE SCHEDULE

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 18	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893

"(d) The basic compensation of each employee subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth Class Office Schedule immediately prior to the effective date of this section shall be determined as follows:

"(1) Each employee shall be assigned to the same numerical step for his position which he had attained immediately prior to such effective date. If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this Act, such changes shall be deemed to have occurred prior to conversion.

"(2) If the existing basic compensation is greater than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

"Employees in the Department of Medicine and Surgery of the Veterans Administration

"SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans Administration, is amended to read as follows:

"§ 4107. Grades and pay scales

"(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

## "Section 4103 schedule

"Assistant Chief Medical Director, \$25,890.  
"Medical Director, \$22,760 minimum to \$25,800 maximum.

"Director of Nursing Service, \$17,550 minimum to \$23,013 maximum.

"Director of Chaplain Service, \$17,550 minimum to \$23,013 maximum.

"Chief Pharmacist, \$17,550 minimum to \$23,013 maximum.

"Chief Dietitian, \$17,550, minimum to \$23,013 maximum.

"Class 1	\$23,935	\$24,770	\$25,890									
Class 2	19,333	20,004	20,675	\$21,347	\$22,018	\$22,689	\$23,360					
Class 3	15,841	16,391	16,941	17,491	18,041	18,591	19,141					
Class 4	12,873	13,321	13,769	14,217	14,665	15,113	15,561					
Class 5	10,602	11,070	11,538	12,006	12,474	12,942	13,410					
Class 6	8,843	9,147	9,451	9,755	10,059	10,363	10,667					
Class 7	7,974	8,246	8,518	8,790	9,062	9,334	9,606					
Class 8	7,201	7,441	7,681	7,921	8,161	8,401	8,641					
Class 9	6,614	6,832	7,050	7,268	7,486	7,704	7,922					
Class 10	6,053	6,251	6,449	6,647	6,845	7,043	7,241					
Class 11	5,517	5,693	5,869	6,045	6,221	6,397	6,573					
Class 12	5,000	5,166	5,332	5,498	5,664	5,830	5,996					

"(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a)) is amended to read as follows: 'The

"(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

## "Physician and dentist schedule

"Director grade, \$20,075 minimum to \$25,435 maximum.

"Executive grade, \$18,730 minimum to \$24,355 maximum.

"Chief grade, \$17,550 minimum to \$23,013 maximum.

"Senior grade, \$15,106 minimum to \$19,813 maximum.

"Intermediate grade, \$12,873 minimum to \$16,905 maximum.

"Full grade, \$10,927 minimum to \$14,338 maximum.

"Associate grade, \$9,221 minimum to \$12,056 maximum.

## "Nurse schedule

"Assistant Director grade, \$15,106 minimum to \$19,813 maximum.

"Chief grade, \$12,873 minimum to \$16,905 maximum.

"Senior grade, \$10,927 minimum to \$14,338 maximum.

"Intermediate grade, \$9,221 minimum to \$12,056 maximum.

"Full grade, \$7,696 minimum to \$10,045 maximum.

"Associate grade, \$6,730 minimum to \$8,749 maximum.

"Junior grade, \$5,867 minimum to \$7,649 maximum.

"(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position."

## "Foreign service officers; staff officers and employees

"SEC. 106. (a) The fourth sentence of section 412 of the Foreign Service Act of 1946, as amended (22 U.S.C. 867), is amended to read as follows: 'The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

"Class 1	\$23,935	\$24,770	\$25,890									
Class 2	19,333	20,004	20,675	\$21,347	\$22,018	\$22,689	\$23,360					
Class 3	15,841	16,391	16,941	17,491	18,041	18,591	19,141					
Class 4	12,873	13,321	13,769	14,217	14,665	15,113	15,561					
Class 5	10,602	11,070	11,538	12,006	12,474	12,942	13,410					
Class 6	8,843	9,147	9,451	9,755	10,059	10,363	10,667					
Class 7	7,974	8,246	8,518	8,790	9,062	9,334	9,606					
Class 8	7,201	7,441	7,681	7,921	8,161	8,401	8,641					
Class 9	6,614	6,832	7,050	7,268	7,486	7,704	7,922					
Class 10	6,053	6,251	6,449	6,647	6,845	7,043	7,241					
Class 11	5,517	5,693	5,869	6,045	6,221	6,397	6,573					
Class 12	5,000	5,166	5,332	5,498	5,664	5,830	5,996					

per annum salaries of such staff officers and employees within each class shall be as follows:

"Class 1	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791		
Class 2	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905		
Class 3	10,602	11,070	11,538	12,006	12,474	12,942	13,410	13,878	14,346	14,814		
Class 4	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579		
Class 5	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422		
Class 6	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361		
Class 7	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576		
Class 8	6,053	6,251	6,449	6,647	6,845	7,043	7,241	7,439	7,637	7,835		
Class 9	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925	7,101		
Class 10	5,000	5,166	5,332	5,498	5,664	5,830	5,996	6,162	6,328	6,494		

"(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act of 1946 shall receive basic compensation, on and after such effective date, at the rate of their class determined to be appropriate by the Secretary of State.

"Agricultural stabilization and conservation county committee employees

"SEC. 107. The rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

## "Salary rates fixed by administrative action

"SEC. 108. (a) The rates of basic compensation of assistant United States attorneys whose basic salaries are fixed pursuant to section 508 of title 28, United States Code, shall be increased, effective on the effective date of section 102 of this title, by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

"(b) Notwithstanding section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), the rates of compensation of officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of compensation are fixed by administrative action pursuant to law and are not otherwise increased by this Act are hereby authorized to be increased, effective on the effective date of section 102 of this title, by amounts not to exceed the increases provided by this title for corresponding rates of compensation in the appropriate schedule or scale of pay.

"(c) Nothing contained in this section shall be held or considered to authorize any increase in the rates of compensation of officers and employees whose rates of compensation are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates or practices.

"(d) Nothing contained in this section shall affect the authority contained in any law pursuant to which rates of compensation may be fixed by administrative action.

## "Effective dates

"SEC. 109. This title shall become effective as follows:

"(1) This section and sections 101, 103, and 108 shall become effective on the date of enactment of this Act.

"(2) Sections 102, 104, 105, 106, and 107 shall become effective on the first day of the first pay period which begins on or after July 1, 1966."

## "TITLE II—JUDICIAL BRANCH

## "Short title

"SEC. 201. This title may be cited as the 'Federal Judicial Salary Act of 1966'.

## "Judicial branch employees

"SEC. 202. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed by or pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3656 of title 18, United States Code, the third sentence of section 603, sections 671 to 675, inclusive, or section 604(a)(5), of title 28, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the



Classification Act of 1949, as amended. The rates of basic compensation of officers and employees holding ungraded positions and whose salaries are fixed pursuant to such section 604(a)(5) may be increased by the amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

"(b) The limitations provided by applicable law on the effective date of this section with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges are hereby increased by amounts which reflect the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

"(c) Section 753(e) of title 28, United States Code (relating to the compensation of court reporters for district courts), is amended by striking out the existing salary limitation contained therein and inserting a new limitation which reflects the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

#### *"Effective dates"*

"SEC. 203. This title shall become effective as follows:

"(1) This section and section 201 shall become effective on the date of enactment of this Act.

"(2) Section 202 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### *"TITLE III—LEGISLATION BRANCH"*

##### *"Short title"*

"SEC. 301. This title may be cited as the "Federal Legislative Salary Act of 1966".

##### *"Legislative branch employees"*

"SEC. 302. (a) Except as otherwise provided in this title, each officer or employee in or under the legislative branch of the Government, whose rate of compensation is increased by section 5 of the Federal Employees Pay Act of 1946, shall be paid additional compensation at the rate of 2.9 per centum of his gross rate of compensation (basic compensation plus additional compensation authorized by law).

"(b) The total annual compensation in effect immediately prior to the effective date of this section of each officer or employee of the House of Representatives, whose compensation is disbursed by the Clerk of the House of Representatives and is not increased by reason of any other provision of this section, shall be increased by 2.9 per centum. Notwithstanding section 303 of this title or any other provision of this section, the total annual compensation of the Clerk of the House of Representatives and the Sergeant at Arms of the House of Representatives, respectively, shall be an amount which is equal to the total annual compensation of the Secretary of the Senate and the Sergeant at Arms of the Senate, respectively.

"(c) The rates of compensation of employees of the House of Representatives whose compensation is fixed by the House Employees Position Classification Act (78 Stat. 1079-1084; Public Law 88-652; 2 U.S.C. 291-303), including each employee subject to such Act whose compensation is fixed at a saved rate, are hereby increased by amounts equal, as nearly as may be practicable, to the increases provided by subsection (a) of this section.

"(d) The additional compensation provided by this section shall be considered a part of basic compensation for the purposes

of the Civil Service Retirement Act (5 U.S.C. 2251 and following).

"(e) This section shall not apply with respect to the compensation of student congressional interns authorized by House Resolution 416, Eighty-ninth Congress, and the compensation of employees whose compensation is fixed by the House Wage Schedule under the House Employees Position Classification Act.

"(f) The basic compensation of each employee in the office of a Senator is hereby adjusted, effective on the first day of the month following the date of enactment of this Act, to the lowest multiple of \$60 which will provide a gross rate of compensation not less than the gross rate such employee was receiving immediately prior thereto, except that the foregoing provisions of this subsection shall not apply in the case of any employee if on or before the fifteenth day following the date of enactment of this Act, the Senator by whom such employee is employed notifies the disbursing office of the Senate in writing that he does not wish such provisions to apply to such employee. No employee whose basic compensation is adjusted under the subsection shall receive any additional compensation under subsection (a) for any period prior to the effective date of such adjustment during which such employee was employed in the office of the Senator by whom he is employed on the first day of the month following the enactment of this Act. No additional compensation shall be paid to any person under subsection (a) for any period prior to the first day of the month following the date of enactment of this Act during which such person was employed in the office of a Senator (other than a Senator by whom he is employed on such day) unless on or before the fifteenth day following the date of enactment of this Act such Senator notifies the disbursing office of the Senate in writing that he wishes such employee to receive such additional compensation for such period. In any case in which, at the expiration of the time within which a Senator may give notice under this subsection, such Senator is deceased, such notice shall be deemed to have been given.

"(g) Notwithstanding the provision referred to in subsection (h), the rates of gross compensation of the Secretary for the Majority of the Senate, the Secretary for the Minority of the Senate, the Chief Reporter of Debates of the Senate, the Parliamentarian of the Senate, the Senior Counsel in the Office of the Legislative Counsel of the Senate, the Chief Clerk of the Senate, the Chaplain of the Senate, and the Postmaster and Assistant Postmaster of the Senate are hereby increased by 2.9 per centum.

"(h) The paragraph imposing limitations on basic and gross compensation of officers and employees of the Senate appearing under the heading 'SENATE' in the Legislative Appropriation Act, 1956, as amended (74 Stat. 304; Public Law 86-568), is amended by striking out '\$23,770' and inserting in lieu thereof '\$24,460'.

"(i) The limitation on gross rate per hour per person provided by applicable law on the effective date of this section with respect to the folding of speeches and pamphlets for the Senate is hereby increased by 2.9 per centum. The amount of such increase shall be computed to the nearest cent, counting one-half cent and over as a whole cent. The provisions of subsection (a) of this section shall not apply to employees whose compensation is subject to such limitation.

##### *"Salary increase limitation"*

"SEC. 303. No rate of compensation shall be increased, by reason of the enactment of this title, to an amount in excess of the salary rate now or hereafter in effect for level V of the Federal Executive Salary Schedule.

#### *"Effective dates"*

"SEC. 304. This title shall become effective as follows:

"(1) This section and section 301 shall become effective on the date of enactment of this Act.

"(2) Sections 302 and 303 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### *"TITLE IV—MISCELLANEOUS PROVISIONS"*

##### *"Salary steps for certain employees transferred to postal field service"*

"SEC. 401. Section 3551 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The Postmaster General may appoint or advance any Federal employee who, together with his function, is transferred, prior to, on, or after the date of enactment of this subsection, to a post office or other postal installation at or to (1) the minimum rate for his position, or (2) any higher rate for his position which is less than one full step above the highest rate of compensation received by him immediately prior to such transfer."

##### *"Postal seniority adjustments"*

"SEC. 402. (a) The Postmaster General shall advance any employee in the postal field service

"(1) who was promoted to a higher level between July 9, 1960, and October 13, 1962;

"(2) who is senior with respect to total postal service to an employee in the same post office promoted to the same level on or after October 13, 1962, and is on the effective date of this section in a step in the same level below the step of the junior employee; and

"(3) whom the Postmaster General determines is in the same craft and same branch of the Post Office Service as such junior employee.

Such advancement by the Postmaster General shall be to the highest step which is held by any such junior employee. Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained.

"(b) Section 3552 of title 39, United States Code, is amended by deleting subsection (d).

##### *"Special delivery messengers"*

"SEC. 403. Section 3542(c) of title 39, United States Code, is amended—

"(1) by striking out '7 cents per mile or major fraction thereof' and inserting in lieu thereof '10 cents per mile or major fraction thereof'; and

"(2) by striking out '90 cents per hour' and inserting in lieu thereof '\$1.25 per hour'.

##### *"Overtime"*

"SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

"(1) by inserting 'or, with the exception of employees engaged in professional or technical engineering or scientific activities for whom the first forty hours of duty in an administrative workweek is the basic workweek and employees whose basic compensation exceeds the minimum rate of grade GS-10 of the Classification Act of 1949, as amended, for whom the first forty hours of duty in an administrative workweek is the basic workweek, in excess of eight hours in a day' immediately following 'in excess of forty hours in any administrative workweek'; and

"(2) by striking out 'grade GS-9' wherever it occurs therein and inserting in lieu thereof 'grade GS-10'.

"(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out 'grade GS-9' and inserting in lieu thereof 'grade GS-10'.



"(c) Section 401 of such Act, as amended (5 U. S.C. 926), is amended by striking out 'grade GS-9' wherever it occurs therein and inserting in lieu thereof 'grade GS-10'.

"(d) Subsections (b) and (c) of section 3573 of title 39, United States Code, are amended by striking out 'level PFS-7' and 'level PFS-8', wherever appearing therein, and inserting in lieu thereof 'level PFS-10' and 'level PFS-11', respectively.

*"Sunday premium pay*

"SEC. 405. (a) The heading of title III of the Federal Employees Pay Act of 1945, as amended, is amended to read as follows:

"TITLE III—COMPENSATION FOR NIGHT, SUNDAY, AND HOLIDAY WORK"

"(b) (1) Section 302 of such Act, as amended (5 U.S.C. 922), is redesignated as section 303 of such Act.

"(2) Any reference in any provision of law to section 302 of the Federal Employees Pay Act of 1945, which is redesignated as section 303 of such Act by paragraph (1) of this subsection, shall be held and considered to refer to section 303 of such Act, as so redesignated.

"(c) Title III of such Act, as amended (5 U.S.C. 921 and following), is amended by inserting immediately following section 301 thereof the following:

*"Compensation for Sunday work*

"SEC. 302. Any regularly scheduled eight-hour period of service which is not overtime work as defined in section 201 of this Act any part of which is performed within the period commencing at midnight Saturday and ending at midnight Sunday shall be compensated for the entire period of service at the rate of basic compensation of the officer or employee performing such work plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation."

"(d) Section 401(1) of such Act, as amended (5 U.S.C. 926(1)), is amended by inserting 'Sunday,' immediately following the word 'night'.

"(e) Section 401(2) of such Act as amended (5 U.S.C. 926(2)), is amended—

"(1) by inserting in the first sentence thereof 'on Sundays,' immediately following the words 'duty at night'; and

"(2) by inserting in the second sentence thereof 'Sunday,' immediately following 'night'.

"(f) The first paragraph of section 23 of the Independent Offices Appropriation Act, 1935, as amended (5 U.S.C. 673c), is amended by inserting immediately before the period at the end thereof the following: ': Provided further, That employees subject to this section whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during that eight-hour period of service'.

*"Health and insurance coverage for certain employees on leave without pay*

"SEC. 406. (a) Section 6 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2095), is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the foregoing, an officer or employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, elect to continue his insurance and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions from the beginning of leave without pay. If he does not so elect, his insurance will continue during nonpay status and

terminate as provided in subsection (a) of this section. The employing agency shall forward the premium payments to the fund established by section 5 of this Act."

"(b) Section 7(b) of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3006(b)), is amended—

"(1) by inserting '(1)' immediately following '(b)'; and

"(2) by adding at the end thereof the following new paragraph:

"(2) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to continue his health benefits coverage and arrange to pay currently into the fund, through his employing agency from the beginning of leave without pay, both employee and agency contributions. If he does not so elect, his coverage will terminate as specified in paragraph (1) and implementing regulations. The employing agency shall forward the enrollment charges so paid to the fund."

"(c) An officer or employee who is on approved leave without pay and serving as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2091), or section 2 of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3001), as the case may be, may, within sixty days after the date of enactment of this Act, file with his employing agency an election (1) to continue any insurance status or health benefits enrollment, or both, that he has on the date of enactment of this Act, (2) to reacquire any insurance status or health benefits enrollment, or both, which he may have lost while on leave without pay, or (3) to acquire an insured status or enroll in a health benefits plan, or both, if he was never previously eligible to do so, by arranging to pay currently and continuously into the employees' life insurance fund and the employees' health benefits fund, as appropriate, through his employing agency, both employee and agency contributions. The employing agency shall forward such payments to the employees' life insurance fund and the employees' health benefits fund, as appropriate. If he does not so elect, his insurance status and health benefits enrollment will continue and terminate as for other employees in nonpay status, or he will remain ineligible for insurance and health benefits, as the case may be, as though this paragraph had not been enacted. The United States Civil Service Commission is authorized to issue regulations to carry out the purposes of this paragraph.

*"Increase in uniform allowances*

"SEC. 407. (a) Section 402 of the Federal Employees Uniform Allowance Act, as amended (5 U.S.C. 2131-2133), is amended by inserting immediately following the second sentence thereof the following new sentence: 'In those instances where the agency makes reimbursement direct to the uniform vendor, the head of the agency may deduct a service charge not to exceed 4 per centum.'

"(b) Such Act is further amended by adding at the end thereof the following new section:

"SEC. 405. Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title are hereby increased, subject to the maximum allowance authorized by this title, as follows:

"(1) If the maximum uniform allowance is \$100 or more, such allowance shall be increased by 25 per centum.

"(2) If the maximum uniform allowance is \$75 or more but less than \$100, such allowance shall be increased by 30 per centum.

"(3) If the maximum uniform allowance is \$50 or more but less than \$75, such allowance shall be increased by 35 per centum.

"(4) If the maximum uniform allowance is less than \$50, such allowance shall be increased by 40 per centum.

Such maximum uniform allowances, as in effect on April 1, 1966, and as increased by this section, shall not be reduced."

"SEC. 408. (a) Section 303(c) of the Federal Executive Salary Act of 1964 (78 Stat. 416; Public Law 88-426) is amended by adding at the end thereof the following new paragraph:

"(47) Director of the Federal Mediation and Conciliation Service."

"(b) Paragraph (30) of section 303(d) of such Act is hereby repealed.

"SEC. 409. Section 2 of the Act of September 23, 1959 (73 Stat. 698; Public Law 86-375), is amended by striking out the figure '\$10,000' and inserting in lieu thereof the figure '\$15,000'.

*"Effective dates*

"SEC. 410. This title shall become effective as follows:

"(1) This section and sections 401, 406, and 407 shall become effective on the date of enactment of this Act.

"(2) Sections 402, 403, 404, 405, 408, and 409 shall take effect on the first day of the first pay period after the enactment of this Act.

*"TITLE V—CIVIL SERVICE RETIREMENT*

*"Short title*

"SEC. 501. This title may be cited as the 'Civil Service Retirement Act Amendments of 1966'.

*"Definitions*

"SEC. 502. Section 1(j) of the Civil Service Retirement Act (5 U.S.C. 2251(j)) is amended by inserting the letter '(d)' after the words 'for purposes of section 10'; by striking out the words 'received more than one-half of his support from and'; and by striking out the words 'twenty-one' and 'twenty-first' wherever they occur and inserting in lieu thereof the words 'twenty-two' and 'twenty-second', respectively.

*"Retirement coverage for certain employees on leave without pay*

"SEC. 503. Section 3 of the Civil Service Retirement Act (5 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:

"(k) (1) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions and agency contributions which would be applicable if he were in pay status. An employee who is on approved leave without pay and serving as a full-time officer or employee of such an organization on the date of enactment of this subsection may similarly elect within sixty days after such date of enactment. If the election and all payments provided by this paragraph are not made, the employee shall receive no credit for such periods of leave without pay occurring on or after date of enactment of this subsection, notwithstanding the provisions of the second sentence of section 3(c) of this Act.

"(2) An employee may deposit with interest an amount equal to retirement deductions representing any period or periods of approved leave without pay while serving, prior to the date of enactment of this sub-



section, as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, and may receive full retirement credit for such period or periods of leave without pay. In the event of his death, a survivor as defined in section 1(o) of this Act may make such deposit. If the deposit described in this paragraph is not made in full, retirement credit shall be allowed in accordance with the second sentence of section 3(c) of this Act.

*"Immediate retirement"*

"SEC. 504. (a) Section 6(a) of the Civil Service Retirement Act (5 U.S.C. 2256(a)) is amended to read as follows:

"(a) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

"(b) Section 6(b) of such Act (5 U.S.C. 2256(b)) is amended to read as follows:

"(b) Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

*"Annuity computation"*

"SEC. 505. Section 9(d) of such Act (5 U.S.C. 2259 (d)) is amended to read as follows:

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such Member is under the age of sixty years at date of separation."

*"Survivor annuities"*

"SEC. 506. (a) Section 10(a)(2) of the Civil Service Retirement Act (5 U.S.C. 2260 (a)(2)) is amended to read as follows:

"(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor's remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor's death or remarriage."

"(b) The last sentence of section 10(c) of such Act (5 U.S.C. 2260(c)) is amended to read as follows: "The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower's becoming capable of self-support."

"(c) Section 10(d) of such Act (5 U.S.C. 2260(d)) is amended to read as follows:

"(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of this Act, and is survived by a wife or by a husband, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children, subject to the provisions of section 18. If such employee or Member is not survived by a wife or husband, each sur-

living child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3) \$2,160 divided by the number of children, subject to the provisions of section 18. The commencing date of a child's annuity under this Act or the Act of May 29, 1930, as amended from and after February 28, 1948, shall be deemed to be the day after the employee or Member dies, with payment beginning on that day or beginning or resuming on the first day of the month in which the child later becomes or again becomes a student as described in section 1(j), provided the lump-sum credit, if paid, is returned to the fund. Such annuity shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs. Upon the death of the surviving wife or husband or termination of the child's annuity, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member."

"(d) Section 10 of such Act (5 U.S.C. 2260) is amended by adding at the end thereof the following subsection:

"(f) In the case of a surviving spouse whose annuity under this section is hereafter terminated because of remarriage before attaining age sixty, annuity at the same rate shall be restored commencing on the day such remarriage is dissolved by death, annulment, or divorce: *Provided*, That (1) said surviving spouse elects to receive such annuity in lieu of any survivor benefit to which he or she may be entitled, under this or any other retirement system established for employees of the Government, by reason of the remarriage, and (2) any lump sum paid upon termination of the annuity is returned to the fund."

*"Increases in certain annuities"*

SEC. 507. Section 18 of the Civil Service Retirement Act (5 U.S.C. 2268) is amended by adding at the end thereof the following subsection:

"(g) Effective on (1) the first day of the second month after the enactment of this subsection, or (2) the commencing date of annuity, whichever is later, the annuity of each surviving spouse whose entitlement to annuity payable from the civil service retirement and disability fund resulted from the death of:

"(A) an employee or Member prior to October 11, 1962, or

"(B) a retired employee or Member whose retirement was based on a separation from service prior to October 11, 1962, shall be increased by 10 per centum."

*"Effective dates"*

"SEC. 508. (a) This section, section 509, and subsections 1(j), 3(k), 6(a), 6(b), 9(d), 10(a)(2), 10(c), 10(d), and 10(f) of the Civil Service Retirement Act, as enacted or amended by this title, shall become effective on the date of enactment of this Act."

"(b) Except as provided in section 507 and in subsection (c) of this section, the amendments made by this title to the Civil Service Retirement Act shall not apply in the cases of persons retired or otherwise separated prior to these respective effective dates, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted."

"(c) The amendments made by this title to section 1(j) and 10(d) of the Civil Service Retirement Act relating to payment, continuance, resumption, and termination of annuity to a child who is a student shall apply with respect to children of persons retired or otherwise separated prior to, on, or after the date of enactment of this title, except that no child's annuity shall be paid by reason of these amendments for any period prior to such date of enactment."

*"Miscellaneous"*

"SEC. 509. The provisions under the heading 'CIVIL SERVICE RETIREMENT AND DISABILITY FUND' in title I of the Independent Offices Appropriations Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act."

*"TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS"*

"SEC. 601. Section 2(d) of the Federal Employees Health Benefits Act of 1959 (73 Stat. 709; 5 U.S.C. 3001(d)) is amended by striking out 'twenty-one' wherever it appears therein and inserting in lieu thereof 'twenty-two'."

"SEC. 602. Paragraphs (1) and (2) of section 7(a) of such Act are amended to read as follows:

"(1) Except as provided in paragraph (2) of this subsection, the biweekly Government contributions for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family."

"(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge."

"SEC. 603. The amendments made by sections 601 and 602 of this title shall take effect on the first day of the first pay period which begins on or after the date of enactment of this Act."

*"TITLE VII—MISCELLANEOUS"*

"SEC. 701. (a) Retroactive compensation or salary shall be paid by reason of this Act only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this Act, except that such retroactive compensation or salary shall be paid (1) to an officer or employee who retired during the period beginning on the first day of the first pay period which begins on or after July 1, 1966, and ending on the date of enactment of this Act for services rendered during such period and (2) in accordance with the provisions of the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as amended (5 U.S.C. 61f-61k), for services rendered during the period beginning on the first day of the first pay period which begins on or after July 1, 1966, and ending on the date of enactment of this Act by an officer or employee who dies during such period. Such retroactive compensation or salary shall not be considered as basic salary for the purpose of the Civil Service Retirement Act in the case of any such retired or deceased officer or employee."

"(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under



the Federal Government or the municipal government of the District of Columbia.

"(c) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this Act shall be held and considered to be effective as of the date of such enactment."

Mr. MORRISON (interrupting the reading). Mr. Speaker, I ask unanimous consent that further reading of the Senate amendment be dispensed with and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object, is it the intention of the gentleman from Louisiana to take some time to explain the differences between the version passed by the other body and the version passed by this House? I believe if this is properly done, all of us will be the beneficiaries and we will probably agree with the Senate version, but I think it is most important that it be done by the gentleman from Louisiana, and also that opportunity be given to other Members to ask questions as to the changes in the House version.

Mr. MORRISON. Mr. Speaker, I will be glad to do as the gentleman requests.

The SPEAKER. Is there objection that the further reading be dispensed with?

There was no objection.

The SPEAKER. Who reserves the right to object?

Mr. GERALD R. FORD. Mr. Speaker, I reserve the right to object.

Mr. MORRISON. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Louisiana.

Mr. MORRISON. Mr. Speaker, H.R. 14122 as passed by the other body is more nearly in accordance with the bill as passed by the House than has been the case with any other major Federal employee measure which has been enacted by the House during my 24 years of congressional service.

Not a single one of the pay-raise provisions of the House bill was changed in the other body, except for the addition of the usual provisions to give Senate employees the same raises granted to House employees.

In fact, the only change in the first 21 pages of the House bill was a slight modification of our time-and-a-half overtime provision for classified employees, which excluded scientists and other professional employees from that provision.

The only major amendment of the other body was the omission of the House provision of section 505 of the House bill which would have allowed persons who retired before 1962 and elected survivorship protection to have their annuities recomputed under the survivor protection formula enacted in 1962.

The cost of such recomputations would be \$112 million.

In place of that annuity recomputation privilege, the other body amended the bill to grant a 10-percent increase in survivor benefits for an estimated 330,000 widows and widowers of employees who retired before enactment of the 1962 retirement improvements.

The bill passed by the House would have granted the increase to only 273,000 of these survivors.

The Senate bill, with amendments, cuts down the overall cost \$22 million. The salary increase amounts to \$416.7 million. The total cost, as stated in Senate Report No. 1187, accompanying the bill, amounts to \$505.8 million.

Mr. GERALD R. FORD. Is that figure of \$505.8 million a cost per year, over and above the current cost to the Treasury?

Mr. MORRISON. That is correct.

Mr. GERALD R. FORD. I was not certain that I understood the gentleman's explanation of the first change in the House version made by the other body. Would the gentleman explain again the time-and-a-half provision?

Mr. MORRISON. The House bill provided for those that premium pay for overtime worked by classified employees in grades GS-10 and above shall not exceed the rate for the first salary step of grade GS-10, instead of grade GS-9 as provided in present law. Classified employees also are given 25-percent differential pay for Sunday work—as was granted last year to postal employees. The Senate amendment excludes scientists and certain other professional personnel from the application of these House provisions.

Mr. GERALD R. FORD. All below grade 10 are to be given time and a half; is that correct?

Mr. MORRISON. Actually classified employees get overtime up to grade 15, but only at the first-step grade 10 rate if their regular salary rates are above that rate.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Illinois.

[Mr. SPRINGER addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Pennsylvania.

Mr. CORBETT. Mr. Speaker, I merely wish to say that I have gone over the Senate bill and it is very similar to the bill we passed. The Senate passed it without a dissenting vote.

I cannot see any advantage to any delay, or in going to conference. I do not know what we could accomplish.

Therefore, because so many persons are vitally interested in getting this legislation to the White House, I should like to concur with the gentleman from Louisiana and urge the immediate passage of this particular Senate version as it comes to us.

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Iowa.

Mr. GROSS. Do I correctly understand that the retroactive date, in any event, would be July 1? Even if the bill went to conference, the date very likely would be July 1.

Mr. MORRISON. The gentleman is correct.

Mr. GROSS. I thank the gentleman.

Mr. FULTON of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Mr. Speaker, I agree with the gentleman from Louisiana [Mr. MORRISON] and the gentleman from Pennsylvania [Mr. CORBETT] that the best thing to do is to pass this legislation now, rather than to go to conference.

The reason for prompt passage of the pay-raise legislation is that this is the best we can do in this Congress. While it is not enough, we had better get the best we can for our good U.S. Federal employees and postal workers. It is clearly apparent that this is the limit the present administration, and the Senate, will accept. Better pay would be spent for education and family necessities—and is not inflationary, and certainly is necessary to meet increased costs of living.

I strongly urge the U.S. Congress and the Post Office and Civil Service Committees of the House and the Senate to prepare needed legislation and sound and adequate bills to be introduced in January when the next—90th—Congress convenes, to provide real comparability for salaries and pay for U.S. Federal employees and postal workers.

Congress by legislation already on the statute books has solemnly promised comparability in pay to private industry, for Federal employees and postal workers. This promise of the U.S. Congress of comparability in pay must be met and fulfilled in all good faith.

Mr. GERALD R. FORD. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### COMMITTEE ON GOVERNMENT OPERATIONS

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations be allowed to have until Friday, midnight, to file a report on the Department of Transportation bills.

The SPEAKER. Without objection, it is so ordered.

There was no objection.



## FOREIGN ASSISTANCE ACT OF 1966

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 906 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 906

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Missouri is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH], and pending that I yield myself such time as I may consume.

Mr. Speaker, this resolution makes in order with 5 hours of general debate the annual amendments to the Foreign Assistance Act. Of course, the Foreign Assistance Act is controversial. There are supplemental and minority views in the report, but no body appeared against the rule. Nobody proposed that the bill not be given a rule and, as far as I know, there is no substantial opposition to the rule. Therefore, Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. SMITH of California. Mr. Speaker, as the gentleman from Missouri [Mr. BOLLING] has stated, House Resolution 906 provides for the consideration of H.R. 15750, the Foreign Assistance Act of 1966 under an open rule with 5 hours of debate. A waiver of points of order was requested, but was not granted. This action was taken because there does not appear to be any language in the bill which is subject to a point of order.

Mr. Speaker, the purpose of H.R. 15750 is to authorize the overall foreign aid program for the next 2 fiscal years, 1967 and 1968, and to authorize the Development Loan Fund and the Alliance for Progress for 5 years, through fiscal 1971.

For fiscal 1967 the bill carries an authorization of \$4,109,119,000, and for fiscal 1968 the figure is \$4,158,339,000.

This bill marks a major departure from past procedure in that the program is authorized for 2 years rather than 1. The distinguished chairman of the Foreign Affairs Committee, Dr. MORGAN,

testified that by freeing the committee from the necessity of an annual hearing on the subject, it could use the time to carry out meaningful studies and investigations into various phases of the program. This is an aim which we can all support. However, the point has been raised that this, being the 2d session of the 89th Congress, is the wrong year to begin a new 2-year program. We are somewhat binding the next Congress. It could more properly be undertaken next year, thus leaving the 2d session of the 90th Congress for in-depth studies of the program.

The method used to calculate the second year authorizations was to use the figures determined for this fiscal year. This seems to somewhat deny the Foreign Affairs Committee the chance next year to reevaluate individual situations in various countries, leaving the job to the Appropriations Committee.

The bill is divided into two traditional sections, military and economic assistance—\$917 million is authorized for each of fiscal 1967 and 1968 in the field of military assistance. This money goes primarily to some 10 countries, currently with about 2 million men under arms. This figure does not include aid to Vietnam which is included in the DOD appropriations.

On the economic side of the bill, a number of programs are included. They include those already mentioned, the Development Loan Fund program authorized at \$1 billion per year for 5 years, and the Alliance for Progress authorized at \$850 million for the same period. The appropriations requested for these programs are substantially below these figures, \$665,388,000 for the Development Loan Fund and \$543 million for the Alliance for Progress. This is a substantial amount of flexibility, and reflects the problems of multiyear authorizations.

Funds for international organizations are included in the bill. The authorization is for \$140,433,000 and includes all U.N. programs from peace keeping assistance to children's relief and the World Health Organization programs.

Supporting assistance is authorized at \$750 million for each year, \$550 million of which is programmed for South Vietnam. The economic activity generated by such assistance is used to assist in maintaining the military preparedness of our allies, primarily South Korea, Thailand, Laos, and South Vietnam.

The contingency fund is authorized at \$150 million for each of the 2 years. For this year the appropriation request is \$70 million. The purpose of the fund is to meet emergency situations around the world.

Other programs included in the bill are the technical cooperation and development program, the old point 4 program and the investment guarantee program.

Amended language will be inserted into the act by this bill which will forbid any assistance under the act to any country who trades with North Vietnam. The amended language is: "no assistance shall be furnished." Testimony of the committee chairman indicates that he and his committee view this as an absolute prohibition of aid. Substantial

progress has already been made in this field since the facts were made known to the Congress and the public last year.

The dollar value of counterpart funds held by the United States in various foreign currencies, primarily generated by Public Law 480 food shipments, continues to plague us. Nothing in this bill will lessen that problem; nor has the Agriculture Committee, which controls the food-for-freedom program, come to grips with the problem. Something should be done to utilize these funds; I would hope that the two committees primarily interested could look further into the question.

There are supplemental, separate, and minority views in the report. Mrs. BOLTON, Messrs. MAILLIARD, FRELINGHUYSEN, BROOMFIELD, and MORSE support the bill but strongly object to the 2-year authorization features. They believe that such continuing programs as the Alliance for Progress and the development loan program should be authorized for the longer periods, but oppose such procedure for the entire foreign aid program because of the rapidly changing situations in so many parts of the world.

This view is also separately supported by Mr. FULTON.

Messrs. ADAIR, GROSS, BERRY, DERWINSKI, and THOMSON have filed minority views. They oppose the bill, pointing to numerous instances of hostile acts by recipients of foreign aid over the years, citing particularly Egypt, Indonesia, Ghana, and India. They also point to the situation in Latin America where billions in aid have brought forth very little progress.

They cite foreign countries who have received our aid and are still shipping supplies to North Vietnam and point out that the law does not require cutting off aid to these countries. They join their colleagues in opposing a 2-year authorization for the entire bill.

Mr. Speaker, although I feel that a certain amount of foreign aid is advisable and necessary, I cannot bring myself to believe that this tremendously extensive program each year is necessary or sufficiently beneficial to the United States of America. Accordingly, Mr. Speaker, I personally intend to vote against this bill. But I know of no objection to the rule, Mr. Speaker, urge its adoption, and reserve the balance of my time.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Iowa.

Mr. GROSS. I am sure the gentleman knows, and I think the House should be made aware of the fact, that this is one of the largest foreign handout bills ever brought to the floor of the House. I say that, in point of the time and money provided in the bill under the 2-year provision and the 5-year provision for the Alliance for Progress.

This bill calls for approximately \$13,800 million.

I wonder if the gentleman from California agrees with me that this Congress, having only recently increased the debt ceiling, ought to be going the other way. It ought not to be increasing the foreign aid spending and extending it over a period of 2 years. We ought to be de-



## SHRIVER'S POVERTY GOALS: REAL OR PIPE-DREAM?

(By Hobart Rowen)

One needs blinders to ignore the sharp contrast between affluence and poverty on almost every side in this country. The lush rewards of an economic boom, in part fueled by war in Vietnam, pour into the lives of the many, while the tragedy of poverty continues to dominate "The Other America."

Our society is replete, on the one hand, with two-car families enjoying color TV, good food, long vacations, heat in the winter and air conditioning in the summer—and on the other, the non-families, underfed and sickly, unemployed or scavenging for a few hours work, cold in winter and steamy in the summer, dying slowly in their garbage-laden hovels.

The more sensitive correspondents covering last week's Governor's Conference in Los Angeles cringed at the embarrassing lushness of a new hotel-city, a scant few minutes from the unbelievable excrescence that is Watts.

It is the same in every big city in the U.S.; the ghettos exist almost side-by-side with the fancy hotels and tower apartments with their roof-top pools and tennis courts.

Yet, when Sargent Shriver, director of the Office of Economic Opportunity proposed, that as a goal, poverty be wiped out by 1976, some scoffed. Shriver must be wearing "rose-tinted glasses," the *New York Times* harumphed.

Well, regardless of the *New York Times'* editorial position, the only thing wrong with Shriver's goal is that 10 years may be too long to expect the poor to wait, docile and patient.

This big, rich country of ours can well afford to spare the resources necessary to meet Shriver's goal, and to do anything less would be immoral.

The economic basis for our ability to do the job lies in the expectation that we will have a one-trillion-dollar economy in 1976. That is the figure 1 with 12 zeroes after it: \$1,000,000,000,000.

This is no wild guess. In recent weeks, Walter W. Heller, former chairman of the Council of Economic Advisers; Under Secretary of the Treasury Joseph W. Barr, and the National Planning Association—among others—have all come up with estimates around the trillion mark for Gross National Product ten years hence.

Heller, for example, calculates with some precision that given a 3.5 per cent growth rate, GNP in 1976 will be \$978,000,000,000. If a more desirable 4.5 per cent growth rate is achieved, the total will be \$1,078,000,000,000.

These box-car numbers are a bit unwieldy for ordinary comprehension. A more simple way of putting it is that a trillion-dollar country in 1976 will be fully twice the size of the economy as recently as 1960.

If on that basis, then, enough can't be spared to eliminate poverty, there's something wrong somewhere. The National Planning Association warns that everything can't be done at once. True. But as Heller says, "nothing else should have a priority higher than eradicating poverty."

Heller's views on this whole question, detailed here for the first time, deserve close attention. It was his imagination, after all, that first inspired President Kennedy to launch the antipoverty planning and convinced President Johnson to carry it forward as his own program.

The Minnesota economist is certain that Shriver's 1976 goal is realistic. "We ought to be ashamed of ourselves, considering our affluence, if we plan on anything else," Heller told me.

He agrees readily that there is more to fixing poverty than just providing the money. "It is a question of ingenuity and

our institutional capacity to get at the real roots of poverty," he says.

But in terms of being able to finance the effort, Heller rightly insists that the resources are there. This country can do anything it commits itself to do.

Shriver did not pluck the 1976 date out of the air. His target was based, first, on an interim goal for 1972 that would cut the existing poverty population of 32,000,000 to 12,000,000.

To do his, Shriver has laid before the Budget Bureau a five-year projection of spending beginning with fiscal 1968 that may shock the dollar-watchers in this country. But would they be less shocked by bloody revolutions in the ghettos?

OEO officials are not giving out these confidential estimates, but some good guesses can be made. One starts with the President's proposal in the budget for fiscal 1967 (the year which just began on July 1) for cash expenditures of about \$24 billion to help the poor.

This includes not only OEO's own budget of \$1¾ billion, but all the money to be spent for poor people through social security, veterans programs, public assistance and so on.

For fiscal 1968, this column learns, Shriver wants to add between \$5 and 10 billion to the \$24 billion figure, then boost the total by successive substantial (but lesser) increments each year through 1972.

That means a fiscal 1968 antipoverty budget in the vicinity of \$30 billion or more, rising to \$40 billion or more by fiscal 1972.

Does the number sound overwhelming? Can we afford it? Government sources indicate that by 1972, the Gross National Product will probably be around \$850 billion, up \$150 billion from the rate at the start of this year.

Thus, a \$40 billion antipoverty program would mean allocating a slightly higher percentage of our wealth out of an \$850 billion economy than we allowed when we spent \$24 billion out of \$700 billion.

But that is just the point: we must do better, or the antipoverty effort will be a mere holding operation, and actual eradication of poverty will be an unreachable hope.

Shriver says that if the poor can be reduced to 12,000,000 by 1972, the rest of the job can be completed in the four following years.

The war against poverty will need boldness of concept as well as money. Shriver and others talk of "income maintenance," a heavy phrase which means adding cash to the incomes of those who are not able to swing it despite all other forms of help.

One form of income maintenance is the controversial "negative income tax." Another, being investigated by the Council of Economic Advisers, is improved public assistance programs, which would involve minimum standards set by the Federal Government.

The form is less important than the final result, that is, boosting the income of the most unfortunate. Shriver calculates that to meet his first five-year goal, some seven million of the 20 million to be removed from poverty will need this kind of direct aid.

But how about the Vietnam War, some will ask. Can we afford all of this when the war costs so much?

If there is a major escalation of the war, other expenditures will have to suffer some. But unless Vietnam blows up into a total war, the huge American economy can still provide a better shake for its poor at home.

Top economists estimate, for example, that the war cost could increase by \$2.5 billion each quarter without requiring additional taxes—the growth of the economy itself would cover that much of an escalation.

If the cost of the war should remain constant, there might actually be a sizable surplus in fiscal 1967.

And looking hopefully to the day the Vietnam conflict ends, vast outlays to whip poverty will be needed not only for the social and humanitarian purposes involved, but to replace in part the vast war budget.

On balance, Shriver's goal is reasonable and desirable, and deserves the support of all thinking people.

## FEDERAL PAY BILL

(Mr. HANLEY (at the request of Mr. PATTEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I want to offer my colleagues a few of my personal feelings on the Federal pay bill before the House today.

I support the proposal, but I want the RECORD to show that I am somewhat disappointed over the action taken yesterday by the other body. I feel the Senate has done an injustice to the Federal retirees.

While the Senate version of the pay bill does make provision for widows' pensions, I am sorry to note that their version deleted what I consider to be one of the most important sections in this measure; namely, the recomputation of pension benefits. This action will have an adverse effect on close to 100,000 Federal retirees, who, under the House version, could have recomputed their annuities under the 1962 formula.

The House Post Office and Civil Service Committee, on which I am privileged to serve, spent many long hours studying and analyzing the impact of the recomputation provision. It seems a shame to see this labor washed away.

Mr. Speaker, by and large, the proposals before us today are well devised and well thought out. They cover the broad scope of Federal service from salary increases to improve fringe provisions. On each of these items I have long voiced my firm support. My objection today is not to the pay bill itself: my objection is to the actions taken yesterday in the Senate.

I support the pay bill and will continue to support any proposal to guarantee Federal employees their proper standing in the community.

## SOMETHING TO SAY: OUR OLD HORSES NEED A RETIREMENT HOME

(Mr. O'NEILL of Massachusetts (at the request of Mr. PATTEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. O'NEILL of Massachusetts. Mr. Speaker, in the May issue of *Horsemen's Journal*, there appeared an article by my good friend, Mr. Daniel Martin, of Cambridge, Mass. It is my pleasure to call this article to the attention of the Congress, and to insert it in the CONGRESSIONAL RECORD at this time:

## SOMETHING TO SAY: OUR OLD HORSES NEED A RETIREMENT HOME

(By Daniel Martin)

As an owner and trainer, many times I'm asked by horse racing fans, "What happens to these horses after they're through rac-



ing?" I tell them, somewhat evasively, "If they're fairly bred, and their racing record is any good, they can be used for breeding purposes." But that does not satisfy them. They want to know what happens when they can't be bred, such as is the case with geldings, barren mares, impotent studs and those with bad breeding and racing records. Informed that many are sold as hunters and/or jumpers, some as saddle horses or lead ponies, and some given away as pets, the curious fan seems satisfied.

I've raced at some of the finest circuits, but got most of my basic training at the half-milers and fair meets. Horsemen at the halfers are usually cutting costs in order to meet their ever-increasing expenses. Many own these animals on cuth deals, or train them on a percentage basis, especially when they are down to a two or three horse stable. These cheap horses wind up sold, resold, and resold again, depreciating in value each time until they are too old and/or too sore to race. When they have little or no value left, owners sometimes try to give them away as a pet.

Have you ever tried to give away a horse that is 9 or 10 years old, sore, can't be ridden or bred, has a big appetite and 10 or 15 more years to live? It's difficult, if not impossible.

A horseman is a horselover, but also a businessman. When his horses are running bad and he owes the feedman, blacksmith, and others, he can't afford to feed pets and couldn't get stalls for them anyway. A home on the farm is the proper place for them, but that costs about \$50 per month, and if a man stayed in the business long enough, he'd soon accumulate more horses and more farm bills.

The only other alternatives now are to pay the vet \$10 to destroy him, or sell him to the market house for \$60 or \$70 depending on his weight. Not much of a reward for a horse that has raced from two years old to old age, and may well have been someone's bread and butter. With all the winter racing nowadays, there is little chance the horse has had much in the way of winter vacations, especially if it is a cheap one.

Although there are many opportunities to make serious money in racing, I've yet to meet a horseman in the game for money alone. A man must love horses in order to spend seven days a week with them, year round. He develops an affection for an individual horse, and would rather see it graze a few years instead of ending up in a dog food can.

I've thought about a solution to this problem and have talked to many fans and horsemen about it. They sympathize, but what to do? I have some ideas which may interest racing associations and other racing bodies, as well as the public. They are as follows:

1. Farms maintained for the retirement of racehorses (owned publicly or privately).
2. Horses retired on a per year basis (\$300-\$400 per year), until deemed ill or feeble by a competent veterinarian, and then humanely disposed of.
3. The farms would be supported by the horses retired there, and they to be supported by a fund especially set up for this purpose.

A fund like this could be supported in various ways, such as withholdings based on a certain percentage of a horse's earnings from the time he is two years old until his date of retirement, regardless of transfer of ownership; an appeal to the governors and state legislatures for a small percentage of racing handles and horse sales such as the Keeneland, Saratoga and Belmont sales; a percentage of race track admissions, if only five cents of the price; donation boxes placed at the cashier windows to enable the public to contribute some of their dimes after cashing a ticket.

Millions of dollars are spent in medical research regarding the horse. Many now un-

dergo surgery and return to race successfully. Only a few years ago, this was thought impossible. Race tracks and their personnel are improving in appearance. The HBPA and management get together to improve conditions and satisfy horsemen. Millions of dollars go into purse money each year. Racing is considered the nation's No. 1 spectator sport, meaning a lot of admission money. Such huge investments, and such huge returns. The Jockey's Guild sees to it that a percentage is taken out of each jock's mount for his retirement, besides his social security. Everyone is taken care of, but no arrangements are made for the "athletes" who make the sport possible.

If we consider ourselves mistreated, we squawk, but what does a horse do? Well, it's time somebody squawked for it, as it has a legitimate beef. Fans who understand the situation tell me they certainly wouldn't mind an additional nicky to their admittance fee. Also, when a fan cashes a ticket worth a few dollars and change, I don't think he'd mind giving the change toward the performer's retirement (this, of course, would be voluntary). Many wealthy owners having stake horses and winning big races would be glad to write a few tax deductible checks toward those animals not fortunate enough to be a member of their stable.

I've owned a few of these unfortunate athletes myself, and have carried them with me trying to find them a home. But as expenses rose, I finally had to face facts and dispose of them, instead of retiring them. Horsemen don't want to do it, but are forced to financially.

Are not these old campaigners entitled to some recognition for their past performances? It all amounts to a few years of grazing and the right to grow old peacefully, little enough to ask, after the entertainment they've provided for millions. They put money in our pockets, add to the economy of the nation, provide jobs for thousands, and are responsible for the "Sport of Kings."

#### TRUMAN CENTER IS BEGUN IN ISRAEL

(Mr. O'NEILL of Massachusetts (at the request of Mr. PATTEN) was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. O'NEILL of Massachusetts. Mr. Speaker, on Monday, July 11, an historic event took place of which this country can be justly proud. The valiant and great state of Israel paid tribute to a great American, President Harry S. Truman.

In May of 1948 the ancient and proud heritage of the Jewish people was brought to modern fruition. The state of Israel, traditional home of the children of Abraham, was declared to be an independent modern state. But that long-awaited day was not without some uncertainties, some fears. Surrounded on all sides by nations swearing to seek her destruction, Israel at the moment of independence did not know for sure who were her friends, who her enemies.

Israel did not have to wait long to discover that in the United States of America she had a true friend. Within 11 minutes, President Truman announced to Israel and to the world that the United States recognized the state of Israel and welcomed her as a sister state in the family of free democratic nations.

Israel has never forgotten Harry S. Truman for this deed. President Tru-

man was the first head of a foreign state to recognize her existence, and he followed this recognition by offers of aid and assistance.

On Monday, the grateful people of Israel paid another tribute to President Truman. In Jerusalem, the spiritual heart of the nation, the people of Israel dedicated a center for the advancement of peace in honor of Harry S. Truman. In an article in this morning's New York Times, James Feron described the moving ceremony in which Israel honored her oldest and dearest friend.

Mr. Speaker, under unanimous consent, I insert the article by Mr. Feron in the RECORD; it is a fitting tribute to a great American and a great nation:

TRUMAN CENTER IS BEGUN IN ISRAEL—MESSAGE OF EX-PRESIDENT IS READ AT CORNERSTONE FETE

(By James Feron)

JERUSALEM, (ISRAELI SECTOR) July 11.—A cornerstone was laid today near Hebrew University for a peace center that former President Truman said might provide "a fresh start" in finding ways to prevent war.

The Harry S. Truman Center for the Advancement of Peace, a \$4.1-million project financed by 41 equal donations, mostly from American Jewish leaders, will serve mainly as an international study center.

It will function as part of the university, covering such subjects as international relations, sociology, comparative religion and political theory. A \$50,000 Truman Peace Prize also will be awarded annually.

Today's ceremony took place without the former President, who remained in Independence, Mo., on the advice of his doctors. Thurgood Marshall, the United States Solicitor General represented Mr. Truman.

#### TRUMAN'S REGRETS EXPRESSED

But the former President had prepared his own remarks and they were spoken by a longtime associate, David Noyes. Before conveying Mr. Truman's message, however, Mr. Noyes spoke of the former President's physical condition and his feelings about not being able to attend.

"He works, he reads and writes," Mr. Noyes said of the 82-year-old Mr. Truman. "His legs have given out a bit, but nobody was more disappointed in not being able to come than he was."

Mr. Noyes nodded his head toward Miss Rose Conway, who was sitting with 600 others in the university auditorium, and introduced her as Mr. Truman's personal secretary since the days of his Presidency. "This is her first time out of the country," Mr. Noyes said, "but Mr. Truman wanted her to come as an indication of his personal interest."

Referring to the recognition of Israel by Mr. Truman on the day she proclaimed her independence, Mr. Noyes said, "President Truman came here in 1948 and he has never left." The audience burst into applause.

"And he's never going to leave," Mr. Noyes added to more applause.

#### MESSAGE IS READ

The former President's message said, "I had hoped against hope that I would somehow manage to make the pilgrimage to this ancient city." But, he said, "in deference to family and physicians 'it becomes necessary for me to postpone my visit to Jerusalem until this fall.'"

Mr. Truman spoke of the nuclear arms race, of his own unsuccessful efforts as President to turn over the process and the bomb to the United Nations for safekeeping and of the now-expanded "nuclear club."

"Witness the paradox of a peace-indoctrinated nation, India, having to give serious thought to the production of its own bomb,"











Public Law 89-504  
89th Congress, H. R. 14122  
July 18, 1966

An Act

80 STAT. 288

To adjust the rates of basic compensation of certain employees of the Federal Government, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Salary and Fringe Benefits Act of 1966".

Federal Salary  
and Fringe  
Benefits Act  
of 1966.

TITLE I—EXECUTIVE BRANCH

SHORT TITLE

SEC. 101. This title may be cited as the "Federal Employees Salary Act of 1966".

Federal Employ-  
ees Salary Act  
of 1966.

EMPLOYEES SUBJECT TO CLASSIFICATION ACT OF 1949

SEC. 102. (a) Section 603(b) of the Classification Act of 1949, as amended (79 Stat. 1111; 5 U.S.C. 1113(b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:

"Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,609	\$3,731	\$3,853	\$3,975	\$4,097	\$4,219	\$4,341	\$4,463	\$4,585	\$4,707
GS-2.....	3,925	4,058	4,191	4,324	4,457	4,590	4,723	4,856	4,989	5,122
GS-3.....	4,269	4,413	4,557	4,701	4,845	4,989	5,133	5,277	5,421	5,565
GS-4.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216
GS-5.....	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915
GS-6.....	5,867	6,065	6,263	6,461	6,659	6,857	7,055	7,253	7,451	7,649
GS-7.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729	7,942	8,155	8,368
GS-8.....	7,068	7,303	7,538	7,773	8,008	8,243	8,478	8,713	8,948	9,183
GS-9.....	7,696	7,957	8,218	8,479	8,740	9,001	9,262	9,523	9,784	10,045
GS-10.....	8,421	8,709	8,997	9,285	9,573	9,861	10,149	10,437	10,725	11,013
GS-11.....	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056
GS-12.....	10,927	11,306	11,685	12,064	12,443	12,822	13,201	13,580	13,959	14,338
GS-13.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
GS-14.....	15,106	15,629	16,152	16,675	17,198	17,721	18,244	18,767	19,290	19,813
GS-15.....	17,550	18,157	18,764	19,371	19,978	20,585	21,192	21,799	22,406	23,013
GS-16.....	20,075	20,745	21,415	22,085	22,755	23,425	24,095	24,765	25,435	
GS-17.....	22,760	23,520	24,280	25,040	25,800					
GS-18.....	25,890									

(b) Except as provided in section 504(d) of the Federal Salary Reform Act of 1962 (78 Stat. 412; 5 U.S.C. 1173(d)), the rates of basic compensation of officers and employees to whom the compensation schedule set forth in subsection (a) of this section applies shall be initially adjusted as of the effective date of this section, as follows:

Adjustment of  
rates.

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between two rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date.

(3) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in

69 Stat. 173.  
5 USC 1113 note.  
5 USC 926 note.

excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208(b) of the Act of September 1, 1954 (68 Stat. 1111), plus subsequent increases authorized by law, he shall receive an aggregate rate of compensation equal to the sum of his existing aggregate rate of compensation, on the day preceding the effective date of this section, plus the amount of increase made by this section in the maximum rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this Act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purposes of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of compensation of the employee.

(5) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this Act, was promoted from one grade under the Classification Act of 1949, as amended, to another such grade at a rate which is above the minimum rate thereof, his rate of basic compensation shall be adjusted retroactively from the effective date of this section to the date on which he was so promoted, on the basis of the rate which he was receiving during the period from such effective date to the date of such promotion and, from the date of such promotion, on the basis of the rate for that step of the appropriate grade of the General Schedule contained in this section which corresponds numerically to the step of the grade of the General Schedule for such officer or employee which was in effect (without regard to this Act) at the time of such promotion.

#### NEW APPOINTMENTS UNDER CLASSIFICATION ACT OF 1949

SEC. 103. Section 801 of the Classification Act of 1949, as amended (78 Stat. 401; 5 U.S.C. 1131), relating to new appointments, is amended by striking out "grade 13" and inserting in lieu thereof "grade 11".

#### POSTAL FIELD SERVICE EMPLOYEES

79 Stat. 1113.

SEC. 104. (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be 'PFS'. Except as



provided in sections 3543 and 3544 of this title, basic compensation shall be paid to all employees in accordance with such schedule. 79 Stat. 1113.

**"POSTAL FIELD SERVICE SCHEDULE**

"PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1	\$4,204	\$4,343	\$4,482	\$4,621	\$4,760	\$4,899	\$5,038	\$5,177	\$5,316	\$5,455	\$5,594	\$5,733
2	4,552	4,701	4,850	4,999	5,148	5,297	5,446	5,595	5,744	5,893	6,042	6,191
3	4,919	5,085	5,251	5,417	5,583	5,749	5,915	6,081	6,247	6,413	6,579	6,745
4	5,331	5,507	5,683	5,859	6,035	6,211	6,387	6,563	6,739	6,915	7,091	7,267
5	5,697	5,888	6,079	6,270	6,461	6,652	6,843	7,034	7,225	7,416	7,607	7,798
6	6,113	6,316	6,519	6,722	6,925	7,128	7,331	7,534	7,737	7,940	8,143	8,346
7	6,545	6,763	6,981	7,199	7,417	7,635	7,853	8,071	8,289	8,507	8,725	
8	7,088	7,323	7,558	7,793	8,028	8,263	8,498	8,733	8,968	9,203		
9	7,665	7,920	8,175	8,430	8,685	8,940	9,195	9,450	9,705	9,960		
10	8,345	8,628	8,911	9,194	9,477	9,760	10,043	10,326	10,609	10,892		
11	9,221	9,536	9,851	10,166	10,481	10,796	11,111	11,426	11,741	12,056		
12	10,202	10,549	10,896	11,243	11,590	11,937	12,284	12,631	12,978	13,325		
13	11,274	11,663	12,052	12,441	12,830	13,219	13,608	13,997	14,386	14,775		
14	12,427	12,859	13,291	13,723	14,155	14,587	15,019	15,451	15,883	16,315		
15	13,736	14,210	14,684	15,158	15,632	16,106	16,580	17,054	17,528	18,002		
16	15,179	15,707	16,235	16,763	17,291	17,819	18,347	18,875	19,403	19,931		
17	16,793	17,380	17,967	18,554	19,141	19,728	20,315	20,902	21,489	22,076		
18	18,530	19,145	19,760	20,375	20,990	21,605	22,220	22,835	23,450	24,065		
19	20,525	21,210	21,895	22,580	23,265	23,950	24,635	25,320				
20	22,760	23,520	24,280	25,040	25,800							

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be 'RCS'. Compensation shall be paid to rural carriers in accordance with this schedule.

**"RURAL CARRIER SCHEDULE**

	"Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service:												
Fixed compensation per annum	\$2,391	\$2,507	\$2,623	\$2,739	\$2,855	\$2,971	\$3,087	\$3,203	\$3,319	\$3,435	\$3,551	\$3,667
Compensation per mile per annum for each mile up to 30 miles of route	88	90	92	94	96	98	100	102	104	106	108	110
For each mile of route over 30 miles	25	25	25	25	25	25	25	25	25	25	25	25"

(c) Section 3544(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule, which shall be known as the Fourth Class Office Schedule and for which the symbol shall be 'FOS', for postmasters in post offices of the fourth class, which is based on the revenue units of the post office for the preceding

fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accordance with this schedule.

"FOURTH CLASS OFFICE SCHEDULE"

"Revenue units"	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but fewer than 36	\$4,019	\$4,152	\$4,285	\$4,418	\$4,551	\$4,684	\$4,817	\$4,950	\$5,083	\$5,216	\$5,349	\$5,482
24 but fewer than 30	3,715	3,837	3,959	4,081	4,203	4,325	4,447	4,569	4,691	4,813	4,935	5,057
18 but fewer than 24	3,064	3,168	3,272	3,376	3,480	3,584	3,688	3,792	3,896	4,000	4,104	4,208
12 but fewer than 18	2,407	2,485	2,563	2,641	2,719	2,797	2,875	2,953	3,031	3,109	3,187	3,265
6 but fewer than 12	1,736	1,791	1,846	1,901	1,956	2,011	2,066	2,121	2,176	2,231	2,286	2,341
Fewer than 6	1,398	1,443	1,488	1,533	1,578	1,623	1,668	1,713	1,758	1,803	1,848	1,893

(d) The basic compensation of each employee subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth Class Office Schedule immediately prior to the effective date of this section shall be determined as follows:

(1) Each employee shall be assigned to the same numerical step for his position which he had attained immediately prior to such effective date. If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this Act, such changes shall be deemed to have occurred prior to conversion.

(2) If the existing basic compensation is greater than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND SURGERY OF THE VETERANS' ADMINISTRATION

79 Stat. 1117.

SEC. 105. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

"§ 4107. Grades and pay scales

78 Stat. 409.

"(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

"SECTION 4103 SCHEDULE

"Assistant Chief Medical Director, \$25,890.

"Medical Director, \$22,760 minimum to \$25,800 maximum.

"Director of Nursing Service, \$17,550 minimum to \$23,013 maximum.

"Director of Chaplain Service, \$17,550 minimum to \$23,013 maximum.

"Chief Pharmacist, \$17,550 minimum to \$23,013 maximum.

"Chief Dietitian, \$17,550, minimum to \$23,013 maximum.

72 Stat. 1244.

"(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:



“PHYSICIAN AND DENTIST SCHEDULE

- “Director grade, \$20,075 minimum to \$25,435 maximum.
- “Executive grade, \$18,730 minimum to \$24,355 maximum.
- “Chief grade, \$17,550 minimum to \$23,013 maximum.
- “Senior grade, \$15,106 minimum to \$19,813 maximum.
- “Intermediate grade, \$12,873 minimum to \$16,905 maximum.
- “Full grade, \$10,927 minimum to \$14,338 maximum.
- “Associate grade, \$9,221 minimum to \$12,056 maximum.

“NURSE SCHEDULE

- “Assistant Director grade, \$15,106 minimum to \$19,813 maximum.
- “Chief grade, \$12,873 minimum to \$16,905 maximum.
- “Senior grade, \$10,927 minimum to \$14,338 maximum.
- “Intermediate grade, \$9,221 minimum to \$12,056 maximum.
- “Full grade, \$7,696 minimum to \$10,045 maximum.
- “Associate grade, \$6,730 minimum to \$8,749 maximum.
- “Junior grade, \$5,867 minimum to \$7,649 maximum.

“(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position.”

FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND EMPLOYEES

SEC. 106. (a) The fourth sentence of section 412 of the Foreign Service Act of 1946, as amended (22 U.S.C. 867), is amended to read as follows: “The per annum salaries of Foreign Service officers within each of the other classes shall be as follows: 79 Stat. 1118.

“Class 1.....	\$23,935	\$24,770	\$25,890				
Class 2.....	19,333	20,004	20,675	\$21,347	\$22,018	\$22,689	\$23,360
Class 3.....	15,841	16,391	16,941	17,491	18,041	18,591	19,141
Class 4.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561
Class 5.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810
Class 6.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667
Class 7.....	7,473	7,724	7,975	8,226	8,477	8,728	8,979
Class 8.....	6,451	6,664	6,877	7,090	7,303	7,516	7,729”.

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a)) is amended to read as follows: “The per annum salaries of such staff officers and employees within each class shall be as follows:

“Class 1.....	\$15,841	\$16,391	\$16,941	\$17,491	\$18,041	\$18,591	\$19,141	\$19,691	\$20,241	\$20,791
Class 2.....	12,873	13,321	13,769	14,217	14,665	15,113	15,561	16,009	16,457	16,905
Class 3.....	10,602	10,970	11,338	11,706	12,074	12,442	12,810	13,178	13,546	13,914
Class 4.....	8,843	9,147	9,451	9,755	10,059	10,363	10,667	10,971	11,275	11,579
Class 5.....	7,974	8,246	8,518	8,790	9,062	9,334	9,606	9,878	10,150	10,422
Class 6.....	7,201	7,441	7,681	7,921	8,161	8,401	8,641	8,881	9,121	9,361
Class 7.....	6,614	6,832	7,050	7,268	7,486	7,704	7,922	8,140	8,358	8,576
Class 8.....	5,853	6,051	6,249	6,447	6,645	6,843	7,041	7,239	7,437	7,635
Class 9.....	5,341	5,517	5,693	5,869	6,045	6,221	6,397	6,573	6,749	6,925
Class 10.....	4,776	4,936	5,096	5,256	5,416	5,576	5,736	5,896	6,056	6,216”.

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act of 1946 shall receive basic compensation, on and after such effective

date, at the rate of their class determined to be appropriate by the Secretary of State.

AGRICULTURAL STABILIZATION AND CONSERVATION COUNTY COMMITTEE  
EMPLOYEES

SEC. 107. The rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

52 Stat. 31,  
79 Stat. 1120.

SALARY RATES FIXED BY ADMINISTRATIVE ACTION

SEC. 108. (a) The rates of basic compensation of assistant United States attorneys whose basic salaries are fixed pursuant to section 508 of title 28, United States Code, shall be increased, effective on the effective date of section 102 of this title, by amounts equal, as nearly as may be practicable, to the increases provided by section 102(a) of this title for corresponding rates of compensation.

78 Stat. 428;  
79 Stat. 1122.

(b) Notwithstanding section 3679 of the Revised Statutes, as amended (31 U.S.C. 665), the rates of compensation of officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of compensation are fixed by administrative action pursuant to law and are not otherwise increased by this Act are hereby authorized to be increased, effective on the effective date of section 102 of this title, by amounts not to exceed the increases provided by this title for corresponding rates of compensation in the appropriate schedule or scale of pay.

(c) Nothing contained in this section shall be held or considered to authorize any increase in the rates of compensation of officers and employees whose rates of compensation are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates or practices.

(d) Nothing contained in this section shall affect the authority contained in any law pursuant to which rates of compensation may be fixed by administrative action.

EFFECTIVE DATES

SEC. 109. This title shall become effective as follows:

(1) This section and sections 101, 103, and 108 shall become effective on the date of enactment of this Act.

(2) Sections 102, 104, 105, 106, and 107 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

TITLE II—JUDICIAL BRANCH

SHORT TITLE

SEC. 201. This title may be cited as the "Federal Judicial Salary Act of 1966".

Federal Judicial  
Salary Act of  
1966.

JUDICIAL BRANCH EMPLOYEES

SEC. 202. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed by or pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a) (2)), section 3656 of title 18, United States Code, the third sentence

60 Stat. 329.  
62 Stat. 843.



of section 603, sections 671 to 675, inclusive, or section 604(a) (5), of title 28, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended. The rates of basic compensation of officers and employees holding ungraded positions and whose salaries are fixed pursuant to such section 604(a) (5) may be increased by the amounts reflecting the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

65 Stat. 725;  
62 Stat. 918,  
914; 79 Stat.  
1121.

(b) The limitations provided by applicable law on the effective date of this section with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges are hereby increased by amounts which reflect the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

Secretaries and  
law clerks.

(c) Section 753(e) of title 28, United States Code (relating to the compensation of court reporters for district courts), is amended by striking out the existing salary limitation contained therein and inserting a new limitation which reflects the respective applicable increases provided by section 102(a) of title I of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

Court reporters.  
62 Stat. 921;  
79 Stat. 1122.

#### EFFECTIVE DATES

SEC. 203. This title shall become effective as follows:

(1) This section and section 201 shall become effective on the date of enactment of this Act.

(2) Section 202 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

### TITLE III—LEGISLATIVE BRANCH

#### SHORT TITLE

SEC. 301. This title may be cited as the "Federal Legislative Salary Act of 1966".

Federal Legis-  
lative Salary  
Act of 1966.

#### LEGISLATIVE BRANCH EMPLOYEES

SEC. 302. (a) Except as otherwise provided in this title, each officer or employee in or under the legislative branch of the Government, whose rate of compensation is increased by section 5 of the Federal Employees Pay Act of 1946, shall be paid additional compensation at the rate of 2.9 per centum of his gross rate of compensation (basic compensation plus additional compensation authorized by law).

60 Stat. 217;  
79 Stat. 1120.  
5 USC 931, 932,  
932h.  
House officers  
and employees.

(b) The total annual compensation in effect immediately prior to the effective date of this section of each officer or employee of the House of Representatives, whose compensation is disbursed by the Clerk of the House of Representatives and is not increased by reason of any other provision of this section, shall be increased by 2.9 per centum. Notwithstanding section 303 of this title or any other provision of this section, the total annual compensation of the Clerk of the House of Representatives and the Sergeant at Arms of the House of Representatives, respectively, shall be an amount which is equal to the total annual compensation of the Secretary of the Senate and the Sergeant at Arms of the Senate, respectively.

80 STAT. 295

(c) The rates of compensation of employees of the House of Representatives whose compensation is fixed by the House Employees Schedule under the House Employees Position Classification Act (78 Stat. 1079-1084; Public Law 88-652; 2 U.S.C. 291-303), including each employee subject to such Act whose compensation is fixed at a saved rate, are hereby increased by amounts equal, as nearly as may be practicable, to the increases provided by subsection (a) of this section.

(d) The additional compensation provided by this section shall be considered a part of basic compensation for the purposes of the Civil Service Retirement Act (5 U.S.C. 2251 and following).

(e) This section shall not apply with respect to the compensation of student congressional interns authorized by House Resolution 416, Eighty-ninth Congress, and the compensation of employees whose compensation is fixed by the House Wage Schedule under the House Employees Position Classification Act.

(f) The basic compensation of each employee in the office of a Senator is hereby adjusted, effective on the first day of the month following the date of enactment of this Act, to the lowest multiple of \$\_\_\_\_\_ which will provide a gross rate of compensation not less than the gross rate such employee was receiving immediately prior thereto, except that the foregoing provisions of this subsection shall not apply in the case of any employee if on or before the fifteenth day following the date of enactment of this Act, the Senator by whom such employee is employed notifies the disbursing office of the Senate in writing that he does not wish such provisions to apply to such employee. No employee whose basic compensation is adjusted under this subsection shall receive any additional compensation under subsection (a) for any period prior to the effective date of such adjustment during which such employee was employed in the office of the Senator by whom he is employed on the first day of the month following the enactment of this Act. No additional compensation shall be paid to any person under subsection (a) for any period prior to the first day of the month following the date of enactment of this Act during which such person was employed in the office of a Senator (other than a Senator by whom he is employed on such day) unless on or before the fifteenth day following the date of enactment of this Act such Senator notifies the disbursing office of the Senate in writing that he wishes such employee to receive such additional compensation for such period. In any case in which, at the expiration of the time within which a Senator may give notice under this subsection, such Senator is deceased, such notice shall be deemed to have been given.

(g) Notwithstanding the provision referred to in subsection (h), the rates of gross compensation of the Secretary for the Majority of the Senate, the Secretary for the Minority of the Senate, the Chief Reporter of Debates of the Senate, the Parliamentarian of the Senate, the Senior Counsel in the Office of the Legislative Counsel of the Senate, the Chief Clerk of the Senate, the Chaplain of the Senate, and the Postmaster and Assistant Postmaster of the Senate are hereby increased by 2.9 per centum.

(h) The paragraph imposing limitations on basic and gross compensation of officers and employees of the Senate appearing under the heading "SENATE" in the Legislative Appropriation Act, 1956, as amended (74 Stat. 304; Public Law 86-568), is amended by striking out "\$23,770" and inserting in lieu thereof "\$24,460".

(i) The limitation on gross rate per hour per person provided by

70 Stat. 743.

78 Stat. 1079.  
2 USC 291 note.  
Employees in  
office of Sena-  
tor.

Senate officers.

79 Stat. 1121.  
2 USC 60a note.



applicable law on the effective date of this section with respect to the folding of speeches and pamphlets for the Senate is hereby increased by 2.9 per centum. The amount of such increase shall be computed to the nearest cent, counting one-half cent and over as a whole cent. The provisions of subsection (a) of this section shall not apply to employees whose compensation is subject to such limitation.

#### SALARY INCREASE LIMITATION

SEC. 303. No rate of compensation shall be increased, by reason of the enactment of this title, to an amount in excess of the salary rate now or hereafter in effect for level V of the Federal Executive Salary Schedule.

78 Stat. 419.  
5 USC 2211.

#### EFFECTIVE DATES

SEC. 304. This title shall become effective as follows:

(1) This section and section 301 shall become effective on the date of enactment of this Act.

(2) Sections 302 and 303 shall become effective on the first day of the first pay period which begins on or after July 1, 1966.

#### TITLE IV—MISCELLANEOUS PROVISIONS

##### SALARY STEPS FOR CERTAIN EMPLOYEES TRANSFERRED TO POSTAL FIELD SERVICE

SEC. 401. Section 3551 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

74 Stat. 648;  
76 Stat. 444.

“(c) The Postmaster General may appoint or advance any Federal employee who, together with his function, is transferred, prior to, on, or after the date of enactment of this subsection, to a post office or other postal installation at or to (1) the minimum rate for his position, or (2) any higher rate for his position which is less than one full step above the highest rate of compensation received by him immediately prior to such transfer.”.

#### POSTAL SENIORITY ADJUSTMENTS

SEC. 402. (a) The Postmaster General shall advance any employee in the postal field service—

(1) who was promoted to a higher level between July 9, 1960, and October 13, 1962;

(2) who is senior with respect to total postal service to an employee in the same post office promoted to the same level on or after October 13, 1962, and is on the effective date of this section in a step in the same level below the step of the junior employee; and

(3) whom the Postmaster General determines is in the same craft and same branch of the Post Office Service as such junior employee.

Such advancement by the Postmaster General shall be to the highest step which is held by any such junior employee. Any increase under the provisions of this subsection shall not constitute an equivalent increase and credit earned prior to adjustment under this subsection for advancement to the next step shall be retained.

(b) Section 3552 of title 39, United States Code, is amended by deleting subsection (d).

78 Stat. 409.

## SPECIAL DELIVERY MESSENGERS

74 Stat. 645.

SEC. 403. Section 3542(c) of title 39, United States Code, is amended—

(1) by striking out “7 cents per mile or major fraction thereof” and inserting in lieu thereof “10 cents per mile or major fraction thereof”; and

(2) by striking out “90 cents per hour” and inserting in lieu thereof “\$1.25 per hour”.

## OVERTIME

68 Stat. 1109.

SEC. 404. (a) Section 201 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 911), is amended—

(1) by inserting “or, with the exception of employees engaged in professional or technical engineering or scientific activities for whom the first forty hours of duty in an administrative workweek is the basic workweek and employees whose basic compensation exceeds the minimum rate of grade GS-10 of the Classification Act of 1949, as amended, for whom the first forty hours of duty in an administrative workweek is the basic workweek, in excess of eight hours in a day” immediately following “in excess of forty hours in any administrative workweek”; and

(2) by striking out “grade GS-9” wherever it occurs therein and inserting in lieu thereof “grade GS-10”.

(b) Section 202 of such Act, as amended (5 U.S.C. 912), is amended by striking out “grade GS-9” and inserting in lieu thereof “grade GS-10”.

(c) Section 401 of such Act, as amended (5 U.S.C. 926), is amended by striking out “grade GS-9” wherever it occurs therein and inserting in lieu thereof “grade GS-10”.

79 Stat. 1115.

(d) Subsections (b) and (c) of section 3573 of title 39, United States Code, are amended by striking out “level PFS-7” and “level PFS-8”, wherever appearing therein, and inserting in lieu thereof “level PFS-10” and “level PFS-11”, respectively.

## SUNDAY PREMIUM PAY

59 Stat. 298.

SEC. 405. (a) The heading of title III of the Federal Employees Pay Act of 1945, as amended, is amended to read as follows:

“TITLE III—COMPENSATION FOR NIGHT, SUNDAY, AND  
HOLIDAY WORK”

68 Stat. 1110.

(b) (1) Section 302 of such Act, as amended (5 U.S.C. 922), is redesignated as section 303 of such Act.

(2) Any reference in any provision of law to section 302 of the Federal Employees Pay Act of 1945, which is redesignated as section 303 of such Act by paragraph (1) of this subsection, shall be held and considered to refer to section 303 of such Act, as so redesignated.

(c) Title III of such Act, as amended (5 U.S.C. 921 and following), is amended by inserting immediately following section 301 thereof the following:

“COMPENSATION FOR SUNDAY WORK

“SEC. 302. Any regularly scheduled eight-hour period of service which is not overtime work as defined in section 201 of this Act any part of which is performed within the period commencing at midnight



Saturday and ending at midnight Sunday shall be compensated for the entire period of service at the rate of basic compensation of the officer or employee performing such work plus premium compensation at a rate equal to 25 per centum of his rate of basic compensation."

(d) Section 401(1) of such Act, as amended (5 U.S.C. 926(1)), is amended by inserting ", Sunday," immediately following the word "night". 68 Stat. 1111.

(e) Section 401(2) of such Act, as amended (5 U.S.C. 926(2)), is amended—

(1) by inserting in the first sentence thereof ", on Sundays," immediately following the words "duty at night"; and

(2) by inserting in the second sentence thereof "Sunday," immediately following "night,".

(f) The first paragraph of section 23 of the Independent Offices Appropriation Act, 1935, as amended (5 U.S.C. 673c), is amended by inserting immediately before the period at the end thereof the following: ": *Provided further*, That employees subject to this section whose regular work schedule includes an eight-hour period of service any part of which is within the period commencing at midnight Saturday and ending at midnight Sunday shall be paid extra compensation at the rate of 25 per centum of his hourly rate of basic compensation for each hour of work performed during that eight-hour period of service". 48 Stat. 522;  
76 Stat. 360.

#### HEALTH AND INSURANCE COVERAGE FOR CERTAIN EMPLOYEES ON LEAVE WITHOUT PAY

SEC. 406. (a) Section 6 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2095), is amended by adding at the end thereof the following new subsection: 73 Stat. 701.

"(d) Notwithstanding the foregoing, an officer or employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, elect to continue his insurance and arrange to pay currently into the fund, through his employing agency, both employee and agency contributions from the beginning of leave without pay. If he does not so elect, his insurance will continue during nonpay status and terminate as provided in subsection (a) of this section. The employing agency shall forward the premium payments to the fund established by section 5 of this Act." 68 Stat. 736.  
5 USC 2091.

(b) Section 7(b) of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3006(b)), is amended— 69 Stat. 676.  
5 USC 2094.  
73 Stat. 714.

(1) by inserting "(1)" immediately following "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 2 of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to continue his health benefits coverage and arrange to pay currently into the fund, through his employing agency from the beginning of leave without pay, both employee and agency contributions. If he does not so elect, his coverage will terminate as specified in paragraph (1) and implementing regulations. The employing agency shall forward the enrollment charges so paid to the fund." 5 USC 3001.

(c) An officer or employee who is on approved leave without pay and serving as a full-time officer or employee of an organization com-

posed primarily of employees, as defined in section 2 of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2091), or section 2 of the Federal Employees Health Benefits Act of 1959, as amended (5 U.S.C. 3001), as the case may be, may, within sixty days after the date of enactment of this Act, file with his employing agency an election (1) to continue any insurance status or health benefits enrollment, or both, that he has on the date of enactment of this Act, (2) to reacquire any insurance status or health benefits enrollment, or both, which he may have lost while on leave without pay, or (3) to acquire an insured status or enroll in a health benefits plan, or both, if he was never previously eligible to do so, by arranging to pay currently and continuously into the employees' life insurance fund and the employees' health benefits fund, as appropriate, through his employing agency, both employee and agency contributions. The employing agency shall forward such payments to the employees' life insurance fund and the employees' health benefits fund, as appropriate. If he does not so elect, his insurance status and health benefits enrollment will continue and terminate as for other employees in nonpay status, or he will remain ineligible for insurance and health benefits, as the case may be, as though this paragraph had not been enacted. The United States Civil Service Commission is authorized to issue regulations to carry out the purposes of this paragraph.

68 Stat. 736.

73 Stat. 709.

Regulations.

#### INCREASE IN UNIFORM ALLOWANCES

68 Stat. 1114.

SEC. 407. (a) Section 402 of the Federal Employees Uniform Allowance Act, as amended (5 U.S.C. 2131-2133), is amended by inserting immediately following the second sentence thereof the following new sentence: "In those instances where the agency makes reimbursement direct to the uniform vendor, the head of the agency may deduct a service charge not to exceed 4 per centum."

(b) Such Act is further amended by adding at the end thereof the following new section:

"SEC. 405. Notwithstanding any other provision of this title, each of the respective maximum uniform allowances in effect on April 1, 1966, for the respective categories of employees to whom uniform allowances are paid under this title are hereby increased, subject to the maximum allowance authorized by this title, as follows:

"(1) If the maximum uniform allowance is \$100 or more, such allowance shall be increased by 25 per centum.

"(2) If the maximum uniform allowance is \$75 or more but less than \$100, such allowance shall be increased by 30 per centum.

"(3) If the maximum uniform allowance is \$50 or more but less than \$75, such allowance shall be increased by 35 per centum.

"(4) If the maximum uniform allowance is less than \$50, such allowance shall be increased by 40 per centum.

Such maximum uniform allowances, as in effect on April 1, 1966, and as increased by this section, shall not be reduced."

SEC. 408. (a) Section 303(c) of the Federal Executive Salary Act of 1964 (78 Stat. 416; Public Law 88-426) is amended by adding at the end thereof the following new paragraph:

"(47) Director of the Federal Mediation and Conciliation Service."

(b) Paragraph (30) of section 303(d) of such Act is hereby repealed.

SEC. 409. Section 2 of the Act of September 23, 1959 (73 Stat. 698; Public Law 86-375), is amended by striking out the figure "\$10,000" and inserting in lieu thereof the figure "\$15,000".

5 USC 2211.



## EFFECTIVE DATES

SEC. 410. This title shall become effective as follows:

(1) This section and sections 401, 406, and 407 shall become effective on the date of enactment of this Act.

(2) Sections 402, 403, 404, 405, 408, and 409 shall take effect on the first day of the first pay period after the enactment of this Act.

## TITLE V—CIVIL SERVICE RETIREMENT

## SHORT TITLE

SEC. 501. This title may be cited as the "Civil Service Retirement Act Amendments of 1966".

Civil Service  
Retirement Act  
Amendments of  
1966.

## DEFINITIONS

SEC. 502. Section 1(j) of the Civil Service Retirement Act (5 U.S.C. 551(j)) is amended by inserting the letter "(d)" after the words "for purposes of section 10"; by striking out the words "received more than one-half of his support from and"; and by striking out the words "twenty-one" and "twenty-first" wherever they occur and inserting in lieu thereof the words "twenty-two" and "twenty-second", respectively.

70 Stat. 743;  
76 Stat. 871;  
Ante, p. 131.

## RETIREMENT COVERAGE FOR CERTAIN EMPLOYEES ON LEAVE WITHOUT PAY

SEC. 503. Section 3 of the Civil Service Retirement Act (5 U.S.C. 2253) is amended by adding at the end thereof the following new subsection:

"(k) (1) An employee who enters on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, may, within sixty days after entering on such leave without pay, file with his employing agency an election to receive full retirement credit for his periods of such leave without pay and arrange to pay currently into the fund, through his employing agency, amounts equal to the retirement deductions and agency contributions which would be applicable if he were in pay status. An employee who is on approved leave without pay and serving as a full-time officer or employee of such an organization on the date of enactment of this subsection may similarly elect within sixty days after such date of enactment. If the election and all payments provided by this paragraph are not made, the employee shall receive no credit for such periods of leave without pay occurring on or after date of enactment of this subsection, notwithstanding the provisions of the second sentence of section 3(c) of this Act.

5 USC 2251.

"(2) An employee may deposit with interest an amount equal to retirement deductions representing any period or periods of approved leave without pay while serving, prior to the date of enactment of this subsection, as a full-time officer or employee of an organization composed primarily of employees, as defined in section 1(a) of this Act, and may receive full retirement credit for such period or periods of leave without pay. In the event of his death, a survivor as defined in section 1(o) of this Act may make such deposit. If the deposit described in this paragraph is not made in full, retirement credit shall be allowed in accordance with the second sentence of section 3(c) of this Act."

## IMMEDIATE RETIREMENT

70 Stat. 749. SEC. 504. (a) Section 6(a) of the Civil Service Retirement Act (5 U.S.C. 2256(a)) is amended to read as follows:

"(a) Any employee who attains the age of fifty-five years and completes thirty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

(b) Section 6(b) of such Act (5 U.S.C. 2256(b)) is amended to read as follows:

"(b) Any employee who attains the age of sixty years and completes twenty years of service shall, upon separation from the service, be paid an annuity computed as provided in section 9."

## ANNUITY COMPUTATION

SEC. 505. Section 9(d) of such Act (5 U.S.C. 2259 (d)) is amended to read as follows:

"(d) The annuity as hereinbefore provided, for an employee retiring under section 6(d), shall be reduced by one-sixth of 1 per centum for each full month such employee is under the age of fifty-five years at date of separation. The annuity as hereinbefore provided, for a Member retiring under the second or third sentence of section 6(f) or the third sentence of section 8(b), shall be reduced by one-twelfth of 1 per centum for each full month not in excess of sixty, and one-sixth of 1 per centum for each full month in excess of sixty, such Member is under the age of sixty years at date of separation."

74 Stat. 410.  
5 USC 2258.

## SURVIVOR ANNUITIES

SEC. 506. (a) Section 10(a) (2) of the Civil Service Retirement Act (5 U.S.C. 2260(a) (2)) is amended to read as follows:

"(2) An annuity computed under this subsection shall commence on the day after the retired employee dies, and such annuity or any right thereto shall terminate on the last day of the month before (A) in the case of the survivor of a retired employee, the survivor's remarriage prior to attaining age sixty, or death or (B) in the case of the survivor of a Member, the survivor's death or remarriage."

(b) The last sentence of section 10(c) of such Act (5 U.S.C. 2260(c)) is amended to read as follows: "The annuity of such widow or dependent widower shall commence on the day after the employee or Member dies, and an annuity under this subsection or any right thereto shall terminate on the last day of the month before (1) the death of the widow or widower, (2) remarriage of the widow or widower of an employee prior to attaining age sixty, (3) remarriage of the widow or widower of a Member regardless of age, or (4) the widower's becoming capable of self-support."

(c) Section 10(d) of such Act (5 U.S.C. 2260(d)) is amended to read as follows:

"(d) If an employee or a Member dies after completing at least five years of civilian service, or an employee or a Member dies after having retired under any provision of this Act, and is survived by a wife or by a husband, each surviving child shall be paid an annuity equal to the smallest of (1) 40 per centum of the employee's or Member's average salary divided by the number of children, (2) \$600, or (3) \$1,800 divided by the number of children, subject to the provisions of section 18. If such employee or Member is not survived by a wife or husband, each surviving child shall be paid an annuity equal to the smallest of (1) 50 per centum of the employee's or Member's average salary divided by the number of children, (2) \$720, or (3)

74 Stat. 813.

70 Stat. 754.

79 Stat. 840,  
1162.  
5 USC 2268.



\$2,160 divided by the number of children, subject to the provisions of section 18. The commencing date of a child's annuity under this Act or the Act of May 29, 1930, as amended from and after February 28, 1948, shall be deemed to be the day after the employee or Member dies, with payment beginning on that day or beginning or resuming on the first day of the month in which the child later becomes or again becomes a student as described in section 1(j), provided the lump-sum credit, if paid, is returned to the fund. Such annuity shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless his is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs. Upon the death of the surviving wife or husband or termination of the child's annuity, the annuity of any other child or children shall be recomputed and paid as though such wife, husband, or child had not survived the employee or Member."

5 USC 2260 note.

5 USC 2251.

(d) Section 10 of such Act (5 U.S.C. 2260) is amended by adding at the end thereof the following subsection:

70 Stat. 754.

"(f) In the case of a surviving spouse whose annuity under this section is hereafter terminated because of remarriage before attaining age sixty, annuity at the same rate shall be restored commencing on the day such remarriage is dissolved by death, annulment, or divorce: *Provided*, That (1) said surviving spouse elects to receive such annuity in lieu of any survivor benefit to which he or she may be entitled, under this or any other retirement system established for employees of the Government, by reason of the remarriage, and (2) any lump sum paid upon termination of the annuity is returned to the fund."

#### INCREASES IN CERTAIN ANNUITIES

SEC. 507. Section 18 of the Civil Service Retirement Act (5 U.S.C. 2268) is amended by adding at the end thereof the following subsection:

79 Stat. 840,  
1162.

"(g) Effective on (1) the first day of the second month after the enactment of this subsection, or (2) the commencing date of annuity, whichever is later, the annuity of each surviving spouse whose entitlement to annuity payable from the civil service retirement and disability fund resulted from the death of:

"(A) an employee or Member prior to October 11, 1962, or

"(B) a retired employee or Member whose retirement was based on a separation from service prior to October 11, 1962, shall be increased by 10 per centum."

#### EFFECTIVE DATES

SEC. 508. (a) This section, section 509, and subsections 1(j), 3(k), 6(a), 6(b), 9(d), 10(a)(2), 10(c), 10(d), and 10(f) of the Civil Service Retirement Act, as enacted or amended by this title, shall become effective on the date of enactment of this Act.

(b) Except as provided in section 507 and in subsection (c) of this section, the amendments made by this title to the Civil Service Retirement Act shall not apply in the cases of persons retired or otherwise separated prior to these respective effective dates, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if this title had not been enacted.



(c) The amendments made by this title to sections 1(j) and 10(d) of the Civil Service Retirement Act relating to payment, continuance, resumption, and termination of annuity to a child who is a student shall apply with respect to children of persons retired or otherwise separated prior to, on, or after the date of enactment of this title, except that no child's annuity shall be paid by reason of these amendments for any period prior to such date of enactment.

#### MISCELLANEOUS

5 USC 2267 note.

SEC. 509. The provisions under the heading "CIVIL SERVICE RETIREMENT AND DISABILITY FUND" in title I of the Independent Offices Appropriation Act, 1959 (72 Stat. 1064; Public Law 85-844), shall not apply with respect to benefits resulting from the enactment of this Act.

#### TITLE VI—FEDERAL EMPLOYEES' HEALTH BENEFITS

SEC. 601. Section 2(d) of the Federal Employees Health Benefits Act of 1959 (73 Stat. 709; 5 U.S.C. 3001(d)) is amended by striking out "twenty-one" wherever it appears therein and inserting in lieu thereof "twenty-two".

73 Stat. 713.  
5 USC 3006.

SEC. 602. Paragraphs (1) and (2) of section 7(a) of such Act are amended to read as follows:

"(1) Except as provided in paragraph (2) of this subsection, the biweekly Government contributions for health benefits for employees or annuitants enrolled in health benefits plans under this Act, in addition to the contributions required by paragraph (3), shall be \$1.62 if the enrollment is for self alone or \$3.94 if the enrollment is for self and family.

"(2) For an employee or annuitant enrolled in a plan for which the biweekly subscription charge is less than twice the Government contribution established under paragraph (1) of this subsection, the Government contribution shall be 50 per centum of the subscription charge."

Effective date.

SEC. 603. The amendments made by sections 601 and 602 of this title shall take effect on the first day of the first pay period which begins on or after the date of enactment of this Act.

#### TITLE VII—MISCELLANEOUS

Retroactive  
compensation.

SEC. 701. (a) Retroactive compensation or salary shall be paid by reason of this Act only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this Act, except that such retroactive compensation or salary shall be paid (1) to an officer or employee who retired during the period beginning on the first day of the first pay period which begins on or after July 1, 1966, and ending on the date of enactment of this Act for services rendered during such period and (2) in accordance with the provisions of the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as amended (5 U.S.C. 61f-61k), for services rendered during the period beginning on the first day of the first pay period which begins on or after July 1, 1966, and ending on the date of enactment of this Act by an officer or employee who dies during such period. Such retroactive compensation or salary shall not be considered as basic salary for the purpose of the Civil Service Retirement Act in the case of any such retired or deceased officer or employee.

64 Stat. 395.

(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from train-



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ing and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

(c) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this Act shall be held and considered to be effective as of the date of such enactment.

68 Stat. 736.

5 USC 2091

note.

Approved July 18, 1966, 7:26 p.m.

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LEGISLATIVE HISTORY:

HOUSE REPORT No. 1410 (Comm. on Post Office & Civil Service).

SENATE REPORT No. 1187 (Comm. on Post Office & Civil Service).

CONGRESSIONAL RECORD, Vol. 112 (1966):

Apr. 4: Considered in House.

Apr. 6: Considered and passed House.

July 11: Considered and passed Senate, amended.

July 12: House concurred in Senate amendment.

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